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EDITORIAL

As We See It

As the Eisenhower Administration gradually matures its plans for reducing the load of Federal expenditures, many expected, and perhaps some unforeseen, difficulties are being encountered. It has, of course, from the first been well understood that the President by his campaign promises had denied himself the opportunity to make large savings in certain areas. Even apart from this unfortunate fact, however, it has long been generally agreed that anything approaching the fullest available economies could not be realized without cutting large chunks of fat from the defense budget, long the untouchable of fiscal reformers.

Most careful students of the situation, including candidate Eisenhower and a number of other influential Republican party members last year, have right along insisted that expenditures made or planned in the name of defense could be very substantially reduced without impairing in the least the degree in which we are able to defend ourselves against alien enemies.

Many there are who are convinced that more efficient procedures and better management might very well increase the effectiveness of our defense at the same time that overall costs were substantially reduced. But now that the word is that the Administration has worked out plans for a rather modest reduction in the appropriations requested in the Truman budget in the name of defense during the coming fiscal year, there are a good many who greet the news with gasps and stares.

The layman, or even the expert if he does not have access to all the facts and a great deal of

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Television and Motion Picture Prospects

By HERBERT L. GOLDEN*
Amusement Industries Division
Bankers Trust Company, New York

Mr. Golden discusses recent progress in motion pictures and television and the impact of each on the other. Describes methods of three dimensional projections, and efforts of motion picture industry to meet inroads of television. Says effects of television on film industry appears to have reached its zenith and is leveling off, though successful color TV may in few years offer "another big blow." Points out TV has led to efforts toward bigger and better motion pictures. Describes financing methods of motion picture industry.

Not being sure of exactly what aspects of the motion picture and television industries you want to hear about, I suppose that the best way to start would be to just ramble through some things, and then you can ask some questions.


Herbert L. Golden

I suppose that third dimension is probably on all your minds, as far as the film industry is concerned, because, certainly, it has been the most important development in recent years. Certainly, it has done more to resuscitate the industry than anything since sound in 1928.

You all know what happened when television started to develop in 1946. It had a tremendous effect. The film business in about 1947 had hit an all-time peak, a tremendously successful level, and since then it has been on the down-grade each year.

As television developed, with more sets and more markets, the film industry went down. It wasn't only television that was responsible for it. There were many other entertainment

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*Stenographic record of a talk by Mr. Golden before the Moving Picture Club and the Economic Club of New York University, New York City, April 28, 1953.

Utilities Favored as Funds Increase Liquidity

By HENRY ANSBACHER LONG

Mr. Long's twenty-fifth quarterly survey finds Fund managements' purchases dipped below last quarter's levels, with long-term acquisition of power and light issues continuing. Rails, chemicals, and building stocks also bought, with oils favored in lighter volume. Selling predominated in non-ferrous metals, with opinion divided on autos and textiles.

Despite a decrease of 20% in over-all purchases since the final quarter of last year, investment companies stepped up their acquisition of utility stocks during the first three months of 1953. This quarterly "Chronicle" survey feature (now in its seventh year), first detected a marked trend to the acquisition of the power and light stocks in the latter part of 1948 and 1949. This has continued almost unabated with the exception of a period of portfolio reshuffling following the outbreak of the Korean War.


Henry A. Long

The prospect of a Far Eastern truce and the possibility of the easing of world tensions has seemed to have made little difference as yet on management policy. A certain preference for other so-called defensive type stocks has continued and, while volume has not approached that of the utilities, the tempo of buying in such groups as the merchandising, food and tobaccos has either been equal to the December period's or has decreased less than the current quarterly purchases as a whole.

Management Policy

Managers in several instances appeared to be "whistling to keep up their courage," stating that there was nothing to fear from peace and that ours was a dynamic economy which did not have to depend on an armaments

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ON THE INSIDE — A glance at the Index on page 3 vividly shows the wealth of information of vital importance to the securities field, investors, and businessmen which is available in the Thursday "Chronicle" every week throughout the year.

The Security I Like Best

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

(The articles contained in this forum are not intended to be, nor are they to be regarded, as an offer to sell the securities discussed.)

This Week's Forum Participants and Their Selections

RALPH DE PASQUALE
De Pasquale Co.,
New York City

Clinton Machine Co.

Spring, as the song has it, "is bustin' out all over," and so are the ads in the Sunday papers and popular magazines for power garden tools of all types. For with the postwar migration of American white - collar workers to the suburbs, a new growth industry has appeared on the scene.

Ralph DePasquale

In 1952 more than 1,000,000 power lawn mowers, about 150,000 garden tractors, and some 130,000 power-driven chain saws, not to mention thousands of power leaf mulchers, cultivators, sprayers, one-man snow plows, and hedge clippers were sold in this country. Before World War II hardly more than 50,000 power lawn mowers a year and 10,000 garden tractors were sold at best. As for the other tools, many were not even dreamed of, and those that did exist were simply not available in small size low priced models.

Two factors are largely responsible for the phenomenal growth of this new industry. First is the post-war building boom in one family homes outside the cities and the accompanying mass migration of urban families from crowded apartments to the suburbs. In 168 city areas in the United States two-thirds of the population increase between 1940 and 1950 took place in the suburbs. In fact, suburban growth accounted for more than half of the total increase in the national population during this period. It is this newly formed army of week-end gardeners that has provided the demand and market for the expanding line of outdoor power tools.

The second factor is the development of the economical, lightweight ¾ to 3 horsepower gasoline engine, which has made the perfection and mass production of these outdoor power tools possible. In its own way, the low horsepower gasoline engine is working a new industrial revolution, for, given a light enough power unit, there is virtually no tool that cannot be mechanized. The small gasoline engine, is, in effect, doing for the husband in the garden what electricity has already done for the wife in the kitchen. By making the power-gadget independent of the electrical outlet, it has moved the locus of the expanding market for home labor saving devices out of the house and into the open.

Although the manufacturers of these outdoor power tools are enjoying an expanding business, the field is highly competitive (there are more than 250 firms in this line today as against some 50 ten years ago); and the greatest benefit of the current sales expansion is being felt by the makers of small gasoline engines themselves. While a number of companies build these engines, there are two giants who specialize in their manufacture and who between them supply most of the demand: Clinton Machine, and Briggs and Stratton. It would seem to be these two companies who will benefit most dramatically from the expected continuing expansion in sales.

Briggs and Stratton is a long established firm engaged in the manufacture of locks and switches for the automotive industry and small engines, ¾ to 8 horsepower. Previous to the war, the engine division accounted for 30% of the company's total sales. By 1951 this figure had risen to 85%. Hence, most of the rise in net sales from $10,270,000 in 1941 to $27,040,000 in 1950 and $40,610,000 in 1952 must be attributed to the rapidly growing market for low horsepower engines. The company, incidentally, has announced that more than 1,000,000 engines were built and sold last year—a new record.

The rising fortunes of Clinton Machine paint an even more dramatic picture. Since its founding in 1945, when it operated from a small plant in Clinton, Mich., the company has been engaged principally in the manufacture of ¾ to 3 horsepower engines. It now is also manufacturing a gasoline power chain saw which is a very popular item and the demand for it at the moment far exceeds its facilities to produce. Since the sale of its Warner Division last year, Clinton now operates two plants which they own outright. The engines are built in a new modern plant of approximately 120,000 square feet in Maquoketa, Iowa. Its Clinton (Mich.) plant is devoted to the manufacturing of the gasoline power chain saw. An idea of the growth that has taken place in the small gasoline engine field can be gathered from the sales records of Clinton Machine for the last few years. Net sales have risen from $3,672,000 in 1950 to $9,843,000 in 1951, $15,598,000 in 1952, and an estimated $18,000,000 in 1953. (Company's fiscal year ends Feb. 28.) The company announced that its unfilled backlog of orders amounted to approximately $10,000,000.

The demand for the versatile low horsepower gasoline engine is hardly limited to the field of week-end gardening, of course. Industrial and agricultural sales have been skyrocketing too, and account for a very large part of the total. A small, portable engine that can be operated anywhere, regardless of electric power supply, has a host of existing uses and almost countless potential ones. Already these engines are used on farms for power plants, water systems, irrigation units, washing machines, refrigerating units, milking machines, milk coolers, sprayers, and what-not. (One of their most recent uses is in power corn detasslers!) In railroading they are used to grind rails, in spike drivers and pullers, tampers, saws and weed cutters. In construction and road-building they are used in pumps, hoists, drills, blowers, cleaners, concrete buggies, tar kettles, sand sprayers, etc. They are used in fire-fighting, oil field work, fishing, and mining. They have even been used to supply power and air for deep sea diving and in underwater weed cutters. As for the future, new uses are continually being developed. Research is in progress, for example, on a power wheel-barrow, which may some day make the old-fashioned hand model as obsolete in construction work as hand mixed concrete.

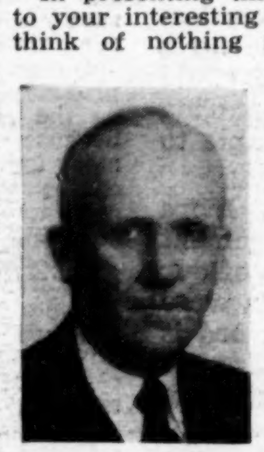
The position of the manufacturers of these low horsepower gasoline engines, then, is a particularly good one, come war or peace, for they enjoy an unusually wide and diversified market. They can, in all events, count on a continued and expanding volume of sales to industry and agriculture. And as for the sensational new market opening up in power tools for the suburban householder, it's the cream on the top of the bottle. Even without it, their prospects would be good. With it, they are excellent. At the present time, the demand is growing. Hence, Clinton's estimate, to cite an instance, that its sales volume will jump in a few years from 1952's $18 million to at least $30 million, probably provides a reasonable index to the prospective growth of the industry.

Clinton Machine common stock is traded in the over-the-counter market.

EVERETT W. SNYDER
E. W. Snyder & Co., Syracuse, N. Y.

Carrier Corporation

In presenting this contribution to your interesting Forum, I can think of nothing more suitable as an opening paragraph than a news item appearing in a recent issue of the New York "Herald Tribune." Giving credit and thanks to the writer of this dispatch for getting me on my way, I quote: "Philadelphia, Mar. 31—Bookings of new orders by Carrier Corporation for the first five months of its fiscal year are running 6% ahead of the corresponding 1952 period Cloud Wampler, President, told the Philadelphia Securities Association today.



"Mr. Wampler said the company's backlog of orders had reached about $52,000,000 for regular civilian lines, while defense products account for $58,000,000. Carrier earned record high profits of $4.89 a common share last year on a record volume of business totaling $108,000,000.

"The greatest single opportunity for air conditioning involves year round equipment for residences, Mr. Wampler said, adding that Carrier has recently signed contracts with three large producers of prefabricated houses, who expect to offer completely air conditioned houses in the $10,000 price class."

I had decided upon Carrier as my subject before the appearance of this news item. It gives added weight to my selection.

My favorite securities for distribution over the years have been from areas quite far afield: some from the highly industrialized New England area where uninterrupted dividend records running into tens of decades are not uncommon. Others have been from the Midwest and, more recently, from the rapidly developing Pacific Coast states. It is strange how often a leader in its field that happens to be practically in one's front yard is overlooked. Carrier to a Syracusan is exactly that, as is indicated by its over 7,000 employees, operating in a modern plant of two and one half

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Demonetizing the Federal Debt

By WALTER E. SPAHR
Professor of Economics, New York University
Executive Vice-President, Economists' National Committee on Monetary Policy

As a means of demonetizing the Federal Debt, Dr. Spahr arrives at the tentative conclusion member commercial banks of Federal Reserve should not invest more than 90% of their capital funds and half their time deposits in U. S. Government bonds. Would limit holdings of U. S. bonds by Federal Reserve Banks to $3 billion. Calls for other corrective measures to be taken through a program devised by all government agencies concerned with fiscal matters to terminate monetization of government debt with least disturbance to economy.

It is contended in the following analysis that monetizing the debt — that is, the conversion of the Federal debt into money and bank deposits—is unsound in principle.


Dr. Walter E. Spahr

If this principle be accepted as valid, then the question arises as to the extent to which our commercial and Federal Reserve banks have monetized the Federal debt. After such determination of this fact as is possible, we are confronted with the question of the extent to which these banks may properly invest in United States Government securities without engaging in the process of monetizing the Federal debt.

In respect to member commercial banks of the Federal Reserve System, the tentative conclusion is reached that it is proper for them to invest in United States Government securities an amount not to exceed 90% of their capital funds and half their time deposits. If this principle be accepted as valid, then all member commercial banks held, as of Jan. 28, 1953, an excess of $25,995,800,000, and all commercial banks held an excess of $30,552,000,000, of government securities.

Savings banks appear to present no problems in this respect.

The propositions are advanced that it is proper for the Federal Reserve banks to invest in United States Government securities an amount not to exceed $3 billion; that they should be permitted at quarterly taxpaying periods to purchase so-called "one-day" Treasury overdrafts to an amount not to exceed $1.5 billion with such holdings limited to, say, five days each quarter; and that the issuance of Federal Reserve notes against government securities is wrong in principle. If these propositions be accepted as valid, then the Federal Reserve banks, as of Jan. 28, 1953, held an excess of $20,969,616,000 of United States Government securities, assuming no "one-day" Treasury overdrafts in their portfolios. Federal Reserve notes, to the extent they were issued against government securities, were overextended on that date in the amount of $9,303,630,000 as a minimum.

On this basis, and as of that date, all commercial and Federal Reserve banks held $51,521,616,000 of United States Government securities beyond the amount they should have held. This made possible a monetization of the Federal debt in excess of this amount because of the expansibility of bank deposits on a fractional reserve system.

Corrective Measures

After determination of the excess of holdings of government securities by these banks, the next problem is to devise corrective measures which will bring the greatest benefit to, and generate the least possible disturbance in, our economy.

It is recommended that Congress, by resolution, request the United States Treasury, Board of Governors of the Federal Reserve System, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation to devise a program designed to terminate monetization of government debt and to return our commercial and Federal Reserve banks to proper banking procedures.

If it be granted that monetization of the Federal debt is wrong in principle, then it would seem to follow of necessity that our various programs for integrating monetary and fiscal affairs of this nation are unsound in principle since they involve monetization of the Federal debt.

Under the programs involving irredeemable currency, integration of fiscal and monetary affairs, and monetization of the Federal debt, the purchasing power of our people's dollar reached the lowest level on record since the establishment of the Federal Reserve System in 1914. As measured by the index of wholesale prices, the purchasing power of our dollar reached its lowest level in March, 1951. As measured by the index of consumers' prices, the purchasing power of our dollar reached its lowest level in August and November, 1952. Monetization of Federal debt by the Federal Reserve banks, despite the implications of the widely-praised Treasury-Federal Reserve "accord" of March 4, 1951, reached its highest level in December, 1952.

It is contended here that the Federal Reserve System and the United States Treasury should each be supreme in its sphere and

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Regular Features

* Article not available this week.
† See article "Utilities Favored as Funds Increase Liquidity," starting on cover page.

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Labor Saving by the Tube

By IRA U. COBLEIGH

Author of "Expanding Your Income"

A current account of the use—present and prospective—of electrons to replace, or improve the efficiency of, labor.

During the war we were all impressed by the fabulous machines created at Massachusetts Institute of Technology which could not only correctly calculate, in a matter of seconds, equations it used to take hours of time for a battery of slide rule savants to solve; and they could record and remember these figures as well. A human brain run by electronic cells. The only thing wrong with these Buck Rogers brains was that they cost nearly a million apiece. Though they might conceivably replace a couple of dozens of bookkeepers in a bank or insurance office, their original cost was prohibitive to all save a government at war, and their eerie clickings and supernatural computings were not only a bit frightening, but prophetic of a future upheaval in the clerical labor market.

Ira U. Cobleigh

This all came about because our scientists have carried us far beyond the primitive application of electrons in motion—electric current—to the electronic tubes, as in radio, wirephoto; the Cathode tube in television; the thermionic vacuum tube for amplification or modification of power or sound; photo electric tubes, for burglar alarms, speed and safety control of dozens of industrial applications; and vapor tubes used to control, convert, or vary electrical impulses, and to transform energy of currents from AC to DC and vice versa; and the more familiar X-Ray tubes generating, in some cases, millions of volts!

For the tyro in this field, electronics up to now has been thought of mainly in two major areas: (1) entertainment and communication, and (2) military usages — guided missiles, remote control bomb sights and gun turrets, radar direction and depth finders; radar grids and beams to direct and land friendly planes, or to locate and targetize enemy ones.

Today's opus, however, is dedicated to none of the above, but rather to examine briefly into the application of these busy and ubiquitous electrons to business and industrial use, both for greater efficiency, and for actual displacement of labor. Only very little attention has been paid to this kind of electronics, first because it's in its infancy, and secondly because so few have taken the trouble to appraise the vast existing potentiality of the electron to replace people in factory, farm, finance, and filing room.

You are, of course, familiar with the electric motor and electromagnet, long used in manufacturing processes. Well, many of these will in due course, be replaced by electronic gadgets doing the same job, faster, more accurately, more reliably or precisely. In weighing, sorting, wrapping or counting, electronic devices are virtually perfect. Selecting and sorting by size, shape, color quality or density, can be amazingly performed electronically. The following are just a few of the electronic controls now available:

Controls over:

- Acidity
- Temperature
- Motion
- Heat
- Speed
- Switch
- Conveyance
- Flow
- Flaw
- Flexibility
- Rate of burning and combustion
- Light and darkness
- Pressure

and

Electric Indicators of:

- Alarm
- Impurity
- Quality
- Heat
- Vibration
- Distance
- Measurement
- Resistance
- Sterilization
- Thickness
- Speed
- Pressure

These are only a few of the uses in which the electron is now ready to take over and you'll notice they're all in the secondary category of labor—controls, checks, analyses, measurement. They do not represent any penetration whatever of the perfectly enormous fields of actual production—stamping, fabricating, cutting, welding, assembly, packaging. So you see even what is today possible by tubes, and electronic vapors, is just an introduction into major industrial application.

However, this piece is not intended as a laboratory progress report on the energetic electron, but to delineate for the investment minded, some of those companies dedicated to conversion of these electrons to industrial and commercial use, and to the creation and expansion of their corporate earnings from these quite promising sources. The general idea is this: that even though some general decline in economic activity may be in the offing, companies offering automatic labor and cost saving techniques will find their products in sturdy demand. So let's look at two or three electronic entries.

Cutler-Hammer, Inc.

One of the oldest, and probably the largest specialist in this field is Cutler-Hammer, Inc. Seems to me one of the first automatic automobile transmissions was built by Cutler-Hammer way back in 1918, and applied to the Premier motor car of that year. It was a little box under the steering gear with four buttons to press—one for each forward speed, and one for reverse. Don't know whatever became of that device, or the Premier car, for that matter; but I do know Cutler-Hammer has grown to be quite a company, grossing more than $60 million a year, and earning better than $6 a share on the common for the past two years. It can benefit handsomely in 1953 if EPT expires as CEH has been paying Uncle Sam in the highest altitude bracket.

Customers of Cutler-Hammer are a cross-section of American heavy industry — utility, railway, cement, mining, paper and chemical companies. A wide diversity of electrical and electronic controlling devices is produced, including motor starters, regulators, switches, magnetic brakes and clutches, rheostats and magnets.

In addition to private companies, CEH has large government contracts: top-secret electronic equipment for the navigation and fire power control of planes, ships and projectiles; and for devices used in flood control dams.

The diversity and the utility of Cutler-Hammer products, plus the extensive and highly functional new additions to plant, augur well for both a sustained and expanding earning potential here. Dividends have been paid without a miss since 1938 (current rate $2.50) after a two-for-one split in 1937. Capitalization is compact, consisting solely of 659,998 shares of common listed on NYSE and selling now at 40¼, providing a current yield of 6.05%.

Clark Controller Co.

A second and smaller company, moving ahead smartly in electronics, is Clark Controller Co. This outfit, while turning out many uniform and standard control devices, has gained a fine reputation for specially designed "custom" installations for its client firms. Government contracts, or work for government contractors, developed company techniques during World War II to a point where Clark can now go to a company and either update control systems in old plant, or design, make, and install for a new manufactory the latest thing

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The State of Trade and Industry

- Steel Production
- Electric Output
- Carloadings
- Retail Trade
- Commodity Price Index
- Food Price Index
- Auto Production
- Business Failures

No perceptible change was noted in total industrial production in the period ended on Wednesday of last week from the near-record level of the prior week. However, it held moderately below the level of a year earlier and about 3% under the all-time peak recorded in the final quarter of 1943.

Although cutbacks were put into effect by a few appliance producers the past week the most favorable year-to-year comparisons continued to be scored by the makers of consumer durables. In connection with production it was also reported that freight carloadings rose to the highest level in five months.

Turning to the field of employment, claims for unemployment insurance benefits reveal a slight rise, but remain noticeably below the year-ago level.

Steel ingot production last week was scheduled at 100.3% of capacity, down nearly a point from the prior week; the substantial year-to-year rise resulted from the labor-management disputes which hampered output in the comparable 1952 week.

Increases in steel extra charges now spreading through the industry will eventually embrace nearly all tonnage products, reports "The Iron Age," national metalworking weekly, this week. And any wage increase steelworkers manage to win in seventh round bargaining will be passed on to consumers by raising base prices of steel, it further states.

Most steel producers declined to estimate average increases in their extra charges for special processing to meet consumer specifications contending that to the individual steel user such an average is meaningless. Also they say that changes in extras are usually followed by changes in buying patterns, as individual consumers shop for the "best buys" that will suit their steel needs, this trade weekly notes.

In raising prices a number of steel officials pointed out their present increases were to cover past cost increases they were not able to reflect under government price control. Most steel companies had not altered extra charges for three or four years. Had it not been for price controls extras would have been revised sooner, continues this trade journal.

The earnings outlook for the steel industry, according to "The Iron Age," has taken a sharp turn for the better with the following main factors pointing to higher earnings:

(1) Industry earnings during the first quarter of this year are about 22.8% higher than they were during the similar period of 1952; (2) prospect of excess profits tax relief later this year may place the gain in earnings even higher; (3) current increases in extra charges and base prices raise profit potential of steel companies; (4) steel companies will maintain their higher earning potential by raising base prices if higher costs result from seventh round wage bargaining; (5) consumer demand seems to assure high operating rates through most of this year, and (6) the wage question is expected to be settled without a strike—it will be recalled that the worst strike in the history of the steel industry held back earnings last year.

In the automotive industry last week car output slipped about 5% but was still 53% higher than in the year-ago week.

"Ward's Automotive Reports" said 144,071 cars were made the past week, compared with a revised figure of 151,126 in the prior week and 94,125 in the like 1952 week.

"The decline stemmed from an output respite at Chevrolet, a Briggs Manufacturing Co. (body supplier) walkout, which hit Plymouth, and temporarily less emphasis on overtime by Ford," said the agency.

But auto companies still have big production plans for May. They expect to assemble 614,000 units, highest volume since 660,430 in October, 1950.

The April total was 605,000 units—a 24-month record—but short of the 638,000 units originally planned for the month. Strikes at Ford and Chrysler were the reasons the output goals for the month were not reached. For the year to date the industry has made 2,152,201 cars, or 49% more than in the corresponding period last year.

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Labor Saving By the Tube

in timing, control and regulating mechanisms.

Clark Controller enjoys an excellent reputation for effective engineering, energetic selling and the quality, efficiency and labor saving characteristics of its products. Its gross is about one-fourth of that of Cutler-Hammer; but like CEH, Clark has been currently earning $6 on its common shares. There are only 159,350 of these outstanding, selling on the American Stock Exchange at around 34 with $2 paid in 1952. Ahead lies some 48,000 shares of $1.44 preferred, convertible, share for share, into common. Clark Controller is an interesting company, a money maker in each year for the past quarter century; and it shows no signs at all of corporate retrogression.

Servomechanisms, Inc.

A more speculative entry into the automatic control field is Servomechanisms, Inc., whose business has been, for the most part, production for the military services. Devices not only for automatic regulation of diverse operations have been produced, but a number of these instruments have the peculiar quality of checking and correcting any slippage in their own performance. The company has also some expansion plans for the absorption of a smaller manufacturer of similar devices.

For 1952, net sales passed the $10 million mark for the first time; and dividends of 30¢ a share were paid. About finances there's a $5 million V loan credit available, against which borrowing at the 1952 year-end amounted to $1,927,342. Long debt of only $23,000 precedes the 758,000 common shares, quoted on the American Stock Exchange at around 7. Servomechanisms is a rather unusual sort of speculation and is not without a vista of growth.

Related Companies

Everytime I get started in a special field, as in industrial electronics today, two or three companies engage my attention and time runs short for more extensive coverage. Well, there are quite a few more working the electronic beat, too, such as General Precision, Beckman Instruments, Victoreen Instrument, not to mention the old standbys Sperry, Minneapolis-Honeywell, and Remington Rand. And for across the board coverage there's a mutual fund, Television and Electronics. Do a little exploring of your own. Get the current facts and you may well find that whereas electronics for amusement and communications has waxed great, labor-saving electronics is but a pup. It may well be that after some of these companies have completed their military assignments, they can create and produce an even wider and more amazingly diverse series of robot operators and regulators—all pouring their efficiency and their earnings out of an electronic tube!

With Keenan & Clarey

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn.—Roman Niedzielski has been added to the staff of Keenan & Clarey, Inc., National Building.

With Minneapolis Assoc.

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn.—Arthur R. Jonasen is now with Minneapolis Associates, Inc., Rand Tower.

Observations . . .

By A. WILFRED MAY

That Bristling Cumulative Voting Question

This week's stockholders' meeting of the 20th Century-Fox Film Corporation, called to pass a management resolution to amend the certificate of incorporation and by-laws of the corporation to eliminate cumulative voting midst the management's seething fight with minority stockholder Charles Green, highlights the public's growing interest in the cumulative voting process.

A. Wilfred May

This step in the drawn-out 20th Century embroglio has been accompanied or preceded by a growing number of other instances of agitation centering on cumulative voting. On Tuesday of this week, Radio Corporation's annual meeting was enlivened by a stockholder's extended, but abortive discussion of the alleged merits of the rule. At American Sugar Refining a director with 75,000 shares recently introduced a resolution providing for it, but it was defeated. National Biscuit, on the other hand, has abandoned its opposition. The Securities and Exchange Commission, after being vainly urged to insist on cumulative voting for West Kentucky Coal, forced such a provision on the American Gas and Electric Company. (This company operated under its jurisdiction via the Public Utility Holding Company Act.) It did so likewise, under its supervisory authority, in the case of the Florida Power Company.

Agitation for the election of independent directors under the bunched voting provision took place at Lukens Steel and National Dairy. At American Telephone, International Telephone, Bethlehem Steel, American Tobacco, and Standard Oil of New Jersey, provision for such a rule was brought up, and defeated.

Within the past year bills for mandatory cumulative voting were introduced in the New York and New Jersey state legislatures. First adopted way back in 1870, cumulative voting is mandatory in 21 states, including Ohio, California, Michigan, Pennsylvania, and Illinois; permissive in 17 states, including New York, New Jersey, and Delaware; and actually illegal in 10 states including Wisconsin, Connecticut, Massachusetts, in addition to the District of Columbia. Usually companies in the permissive states have not provided for "CV."

What It Is

In view of the public's haziness along with its current interest on the subject, a descriptive word about the cumulative voting process seems in order.

Cumulative voting permits minority or opposition groups to elect a percentage of the board roughly proportionate to their voting strength. This comes about through each voting shareholder being entitled to votes equal to the number of his shares multiplied by the number of directors to be elected. He may bunch all his votes to cast them for a single director, or distribute them among several candidates, as he pleases.

For example, at a meeting to elect 10 nominees to the directorate, a stockholder owning one share thus possesses 10 votes which he may bunch on fewer than the 10 candidates, or even concentrate all of his 10 votes on a single nominee.

If there are 100,000 voting shares in a corporation, and 10 directors to be elected, a stockholder, or stockholders, with 10,000 shares is assured of the power to choose one director.

Under the more usual straight voting, contrastingly, a simple majority of the votes elects an entire slate.

As Professor Charles M. Williams points out in his volume *"Cumulative Voting For Directors,"* (Graduate School of Business Administration, Harvard University, 1951), one of its constructive purposes is to strengthen the position of public stockholders relative to management of companies whose securities are widely distributed, and to help the position of the minority in relation to the controlling stockholders in small or closely held corporations. "Use of cumulative voting does not alter the incidence of control but instead is limited to the facilitating of minority representation," Professor Williams points out.

The Con Side

In addition to the many arguments "pro" cumulative voting, there is much counterbalancing opposition. The opponents contend that it gives hostile and non-cooperative minorities the means to cause disruption and obstruct uniformly cooperative manage-

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Let's Have a Run Off of Unspent Appropriations!

By GEORGE M. HUMPHREY*
Secretary of the Treasury

Secy. Humphrey points out, if budget is ever to be balanced and expenditures be brought under control, something must be done to extinguish large carryovers of unspent appropriations. Advocates appropriations each year be lower than amounts to be spent.

If we are ever going to balance the budget and bring expenditures within the tightest possible control, we must do something about achieving a run-off of the large carryover of unspent authorizations. We cannot continue to ask each year for substantially more money than we will actually spend in the ensuing twelve months, because that means the overhang constitutes a snowballing threat to financial stability.

George Humphrey

Now we have tried to do something about this problem in the Bill that is before you. We are changing the direction that has been followed in the past few years. But we are not proposing to do so with unreasoning abruptness. We are trying to strike a proper balance between maintaining an adequate and continuing free world defense and creating the conditions for long-term financial stabilty in this country.

The way to do that, it seems to me, is to request each year less than will be spent in the next 12 months. You will note from the exhibits before you that we are beginning to put that policy into practice right now. Changing the practice of the past, we now propose that the Congress authorize new funds for foreign assistance in an amount smaller than the anticipated expenditures during the coming fiscal year. As we do our future planning we will have constantly before us the objective of reducing the overhang of unutilized authorizations. That is a very important objective, and I want you to know that it is not only our objective but is now our determined practice. That is why I have talked first about this problem of new obligational authority.

Now I turn to the problem of actual expenditures during fiscal year 1954. These will be large. There is no question that these expenditures and others necessary to our national security will affect the possibility of balancing the budget and the time when we can look forward to tax reductions. Because this Administration is committed to a program of sound money and of reducing taxation at the earliest possible time, I can assure you that these expenditures have been most carefully studied from the standpoint not only of their effectiveness but also from the point of view of the necessity of making them in the proposed amounts to contribute to essential security. We are committed to the policy of constantly reviewing the necessity of making the expenditures currently during the year and will make reductions or eliminations whenever and wherever justified. Although expenditures of such magnitude will necessarily create problems, they can't be handled under the sound financial principles to which we are commited.

In formulating the foreign assistance program close attention has also been given to the desirability of fostering private investment abroad. This will not only reduce public expenditure but the government should not undertake activities that can better be carried on by the people themselves. In this direction we will be constantly alert to utilizing the International Bank for Reconstruction and Development and the International Monetary Fund wherever possible. To this end also it is the policy of the government that interest rates on any governmental loans which may be necessary shall be such as not to discourage private investment.

As we progress throughout the year we will give serious consideration to the problem of the rate of expenditures which we will lay before you next year. We will strive for proper balance between military preparedness in the United States and overseas, and maintenance of economic strength at home. We have already laid the groundwork for establishing that balance. In the NATO meeting in Paris last month my associates and I took steps in that direction. Our friends abroad were fully advised of this policy. As we go through the next year we will build upon that foundation.

Meanwhile, we feel that the program which has been presented to you today is the best balance between security for our friends and ourselves and our necessity for reducing expenditures that can be appropriately managed at this time. We are looking forward to making savings wherever possible and further progress in making additional reductions in the future.

*From a statement of Secy. Humphrey before Joint Session of Senate and House Foreign Relations Committee, Washington, D. C., May 5, 1953.

Suggestions for Federal Tax Revisions

By ARTHUR W. MILLER

Author gives a summary statement of suggested Federal tax reduction and modification, as well as plan for Federal Debt refunding. Cites need for drastic government economies.

(1) **Expiration of certain existing taxes as already provided by the preceding Congress.**

Let all new taxes and increased tax rates run off on schedule between June 30, 1953 and April, 1954, as provided by existing legislation.

This course seems both economically and politically "smart." To do so will tend to cushion any prospective decline in business activity. As the point of diminishing returns from high and onerous tax rates has already been reached and probably passed, the alleged loss of revenue by following the course suggested becomes largely theoretical, and at any rate would be relatively negligible.

(2) **Some basic changes in tax policy and tax philosophy.**

(a) No portion of any income or estate should be taxed at more than 50%. To exceed this figure is to make the government a senior partner in private enterprise and thus to curtail and restrain initiative and economic progress.

(b) The so-called **excess profits tax** is probably the worst possible kind of a tax either in war or in peace, is self-defeating, destroys initiative, puts a premium on inefficiency, waste, and dishonesty.

(c) The long-time **capital gains tax**, and probably the short-time capital gains tax as well, should be abandoned because it is a direct tax on property amounting to a **capital levy**. It interferes with sound judgment in investment matters, and the actual amount of revenue derived therefrom is negligible.

(d) It should be recognized in principle that the progressive Federal **estate tax** is a confiscatory device which yields little direct revenue, and in its various ramifications actually shrinks the tax base.

(e) The government should further increase the private tax base by discontinuing those operations which are directly competitive with private business. It should also discontinue its exemption of certain types of private enterprise, such as cooperatives, from the usual Federal taxes.

(f) Finally, our government should save money and encourage private enterprise to look out for itself by drastically cutting down on its present subsidies and price supports of many sorts, too numerous to mention.

(3) **Some suggestions regarding refunding the debt.**

(a) Test the market with a new type of issue resembling the so-called British "consols." The coupon rate should probably be not more than 3%. There should be no stated maturity, but such bonds would be callable **only** at par; they should also be completely "marketable."

This would seem to be a perfect device for finding out the "true" interest rate of government borrowing at any time, and the coupon rate should be sufficiently low, so that in times such as the present the bonds would be inclined to sell at some discount.

Under such an operation, it would seem that the U. S. Treasury would always "hold the best cards"; and the matter should be explored very carefully, free from all prejudice and tradition.

(b) **Savings bonds** for sale to individuals should have their rate increased to **at least** 3½% compounding. Probably, also, it would be wise to make holdings up to perhaps $10,000 face value free from taxes on interest, as well as free from estate taxes.

By following the course above indicated it should not be too difficult to place $100 billion of our debt in the hands of private individuals—and the increased cost to the government would be relatively negligible.

(4) **Need for drastic government economies.**

Underlying all of the above considerations is the imperative need for drastic economy in all branches of the government, including our **defense** establishment and our **foreign aid** program. Less than three years ago all thoughtful and sound students of our fiscal problem believed that the total government budget could readily be cut to $30-$35 billion per annum. We also believed that our defense expenditures should not exceed $12-$15 billion per annum, and approximately this rate had already been attained by 1950!

Is there any good reason **now**, with the world climate probably improving, why our **defense** expenditures and our **foreign** aid programs cannot at least be cut in two, with a resultant saving of some $25-$30 billion per annum? **Then** we can pick up several billions more in savings from all other branches of the government, if we have the **stamina** to do the job.

All of this means that we should soon be able to get along for an indefinite period on a Federal expenditure budget of well under $50 billion per annum, under which conditions we could also normally be making some substantial reductions in the government debt, while reducing taxes much farther than above indicated.

Continued from page 3

Demonetizing Federal Debt

independent of each other, since the functions of each are different and, consequently, should not be confused.

A basic requisite of sound principle and procedure in banking and in government fiscal management is a sound monetary standard and system. This requires a thorough-going gold standard with all our dollars redeemable in gold at the present statutory rate of $35 per fine ounce of gold. This standard and system should be instituted by Congress without further delay. A good government bond market, in which the people will exchange their savings for government bonds at reasonable interest rates, as these are measured against the prevailing competitive rates in other money markets, apparently cannot exist when a currency is irredeemable. The rush of our government to a protected bond market under our system of irredeemable currency provides illustrative evidence in support of this fundamental truth as do the experiences of our Treasury before and after resumption of specie payments in 1879.

A program for ending and correcting monetization of the Federal debt should be launched as soon as well-conceived plans can be prepared and should be carried to completion as promptly as circumstances will permit.

Editor's Note: The foregoing constitutes a summary of a pamphlet entitled "Demonetizing the Federal Debt," issued by the Economists' National Committee on Monetary Policy, 1 Madison Avenue, New York 10, N. Y.

Must We Have a Recession?

By SUMNER H. SLICHTER*
Lamont University Professor, Harvard University

Answering the question, "How much longer is the present high rate of production and employment likely to last?", Dr. Slichter gives as reasons there will be a contraction in business before many months: (1) the probable drying up of new capital outlays; (2) some drop in new housing; (3) the excessive rate of automobile production; and (4) a drop in rate of new indebtedness growth. Looks, however, for only a mild recession, which will be within government's capacity to prevent or ameliorate. Says probable drop in defense expenditure will be relatively small, while capital outlays by states and cities are expected to increase. Decries likelihood of a policy of "Trade, not aid."

I

In these remarks I shall focus attention on conditions in the United States. This is necessary because I lack familiarity with conditions in Canada. It is also desirable because the rapid development of Canada's rich resources is likely to sustain the present boom in Canada longer than it continues in the United States. In other words, it is in the United States rather than in Canada where the first signs of contraction will appear.

Sumner H. Slichter

The question on everyone's mind is: "How much longer is the present high rate of production and employment likely to last?" This question is made more urgent by recent indications that Russia might be interested in negotiating a settlement of the multitude of differences that have developed between her and the nations in the Western Alliance. At the present time, the industries of the United States are operating at about capacity. This is indicated by the fact that unemployment in March was down to 2.7% of the civilian labor force. An extension of the boom could take the form of a rise in money incomes and prices, but not the use of idle resources. But the boom has now been continuing for over seven years with only a mild interruption in 1949. The unemployment rate has averaged 3.0% or less for over two years. Is it reasonable to expect the present high rate of production and employment to continue much longer?

Several reasons are given for believing that there will be a contraction in business before many months. The present high rate of expenditures on plant and equipment (about $26 billion to $27 billion a year) has been going on for about two years. Most of the special construction required by the defense program has been completed. Reports of planned expenditures on plant and equipment indicate that the present rate of spending will continue for the rest of the year, but the failure of these expenditures to rise above the present rate for two years compels one to conclude that at this late stage in the boom no further increase in these outlays is likely. But after several years of expenditure on plant and equipment at a high rate, a drop in these outlays could easily occur.

Some drop in the present high expenditures on housing seems likely. The increase in the number of households is dropping. It was 1.4 million between 1948 and 1949 and again between 1949 and 1950, 1.1 million between 1950 and 1951, 900,000 between 1951 and 1952, and is expected to drop to 700,000 a year or less during the next several years. This expected decrease reflects the fact that the number of females reaching the average age for first marriage (20 years) is now lower than at any time since the early 20s. This, of course, reflects the small number of births during the depression years of the early thirties. The expected decrease in the number of households also reflects the fact that the rise in the proportion of the adult population (14 years of age and over) who are married cannot be expected to increase much more. This proportion has risen from about 60% in 1940 to 67% in 1952, and the number of single males of 14 years of age or more has dropped from 17.6 million in 1940 and 14.8 million in 1947 to 12.9 million in 1952.[1] If new households drop to 700,000 a year, new houses will probably not be constructed at the present and recent rates of around 1.1 million to 1.2 million a year. Housing construction will also be discouraged by the rise in interest rates which increase the cost of owning relative to the cost of renting.

Automobiles are being produced at the rate of over 6 million a year. The size of the replacement demand is not known, but it is probably in the neighborhood of 4.0 million a year. Is there continuing demand for more than 2.0 million passenger cars a year over and above the replacement demand? The annual increase in married couples is about 700,000. If every one of these newly married couples bought a car, the present rate of production could not be sustained unless there were an annual demand of 1,300,000 from the exports, from the increase in car ownership by business concerns, from an increase in the proportion of families owning cars, and from an increase in the proportion of families owning more than one car.

The present high demand for goods has been made possible only by a fairly rapid rise in indebtedness. Particularly significant is the fact that individuals in 1952 incurred about $9 billion more indebtedness than they paid off. This suggests that a drop in the rate at which new indebtedness is incurred would be followed quickly by a big jump in the rate of personal saving—since the incurring of new indebtedness has held down the rate of personal saving.

Finally, there is impressive evidence that the boom has lost its buoyancy. Wholesale prices have been slowly drifting downward since March, 1951.

II

The reasons for believing that there will be some recession in business within the next year or two seem to me to be very persuasive. But if a recession occurs, it will be mild. Furthermore, it is within the capacity of the government, by good management, to prevent a recession altogether. The quality of policy-making required to prevent a depression is probably better than one has the right to expect of any government. Nevertheless, the instruments at the disposal of the government are powerful and, if used promptly, ought to be effective in preventing a contraction in business. My specific reasons for believing (1) that the contraction in business which is probable within the next two years will be mild and (2) that there is some chance of preventing a contraction are as follows:

(1) **The dangerous accumulation of inventories that was resumed in the durable goods industries last fall has ceased.** The increase in inventories during the first quarter of 1953 has been at the rate of only about 3% a year. This is about the normal growth of the economy.

(2) **No large drop in defense spending seems to be in sight.** President Truman, in his January budget message, proposed increases of about $6 billion for the 1953-54 budget in national security expenditures—that is, expenditures for the armed services, atomic energy, and foreign aid. There has been virtually no change in the annual rate of defense spending since April, 1952. It ought to be possible to keep the current rate of spending about where it is, thus avoiding the $6 billion increase proposed by Mr. Truman.

It must be borne in mind that negotiations between the Western nations and Russia, if and when they occur, are bound to be prolonged. This will be true even with a sincere determination on the part of both sides to reach an agreement. A Far Eastern settlement would involve the termination of fighting in Korea, Indo-China, and Malaya, a settlement of the question of the admission of Communist China to the United Nations, and a decision concerning the future status of Formosa and Chiang Kai-shek. Important concessions on both sides are bound to be necessary. No effort has as yet been made to prepare the public in the United States for the possibility of concessions. After the difficult Far Eastern questions have been settled (or perhaps before), the even tougher problem of the status of Germany must be negotiated. During these prolonged and difficult negotiations, the countries of the West cannot weaken their position by cutting their expenditures on armaments. If negotiations with Russia (and China) are started and fail, the cold war will probably be renewed by both sides with fresh rigor. That would cause a rise in defense spending and would prevent any immediate recession.

(3) **The drop in expenditures on industrial plant and equipment will be small.** Although the investment boom has been in progress ever since early in 1947, or perhaps early in 1946, the country has not been overbuilt. Between the beginning of 1946 and the end of 1952 the industrial plant and equipment of the country outside of households, when expressed in dollars of constant purchasing power, increased by just under 30%. But population also grew, so that plant and equipment per capita increased only 14.2% between Jan. 1, 1946 and Dec. 31, 1952, and plant and equipment per civilian worker only 18.0%. The productive capacity of the economy gained only about 27% between 1946 and the last quarter of 1952, or less than 14% per capita. Furthermore, plant and equipment per capita, when expressed in dollars of constant purchasing power, was no greater than in 1929, and plant and equipment per civilian worker was only 2.5% above 1929. The large recent expenditures on plant and equipment have just about made up for the abnormally low expenditures during the depression of the thirties and the war.

Any drop in investment in plant and equipment will be limited by the large volume of industrial research that is now being done in the United States. The number of professional research workers in industrial and governmental research laboratories was four times as large in 1947 as in 1930, and it has increased considerably since 1947. The growth of research in the last 20 or 30 years is of great economic significance because it

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*An address by Dr. Slichter before the Personnel Association of Toronto, Toronto, Ont., April 30, 1953.

1 The figures in each case are for April.

Dealer-Broker Investment Recommendations & Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

New York City Bank Stocks—Comparison and analysis as of March 31, 1953 of 17 New York City Bank Stocks—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Oil Industry—Brief analysis—Stern, Frank, Meyer & Fox, Union Bank Building, Los Angeles 14, Calif. Also in the same bulletin are brief analyses of the **Cement Industry** and **Cigarette Industry.**

Over-the-Counter Index—Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 13-year period—National Quotation Bureau, Inc., 46 Front Street, New York 4, New York.

Philadelphia Bank Stocks—Comparison of 11 largest Philadelphia Banks—Stroud & Company, Incorporated, 123 South Broad Street, Philadelphia 9, Pa.

Public Utility Common Stocks—Tabulation—G. A. Saxton & Co., Inc., 70 Pine Street, New York 5, N. Y.

Stock or Commodity Letters—For new subscribers, four weekly letters, $5—Dept. CF-138 W. D. Gann Research, Inc., Box 656, Scarsdale, N. Y.

Tokyo Stock Quotations—Bulletin—The Nikko Securities Co., Ltd., 4, 1-chome, Marunouchi, Chiyoda-ku, Tokyo, Japan. Also available is a selected list of "Investment Type" Japanese stocks.

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American Window Glass Company—Analysis—Sills, Fairman & Harris, Inc., 209 South La Salle Street, Chicago 4, Ill.

Aransas Pass Independent School District Bonds—Circular—Rauscher, Pierce & Co., Milam Building, San Antonio 5, Tex.

Atlas Plywood Corporation—Bulletin—De Witt Conklin Organization, 100 Broadway, New York 5, N. Y.

Bucyrus-Erie Co.—Data—Oppenheimer, Vanden Broeck & Co., 40 Exchange Place, New York 5, N. Y. Also available is data on **Climax Molybdenum Co., Corn Products Refining Co., Irving Trust Co.,** and **Tennessee Corp.**

Bullock's Inc.—Memorandum—Fewel & Co., 453 South Spring Street, Los Angeles 13, Calif. Also available are memoranda on **Langendorf-United Bakeries, Rockwell Manufacturing Co.** and **Time, Inc.**

California Eastern Airways, Inc.—Analysis—Butler, Candee & Moser, 44 Wall Street, New York 5, N. Y.

Central Maine Power Co. — Analysis — Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Columbia Gas System—Data—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y. Also in the same bulletin are data on **Columbus & Southern Ohio Electric Co., General Telephone Corp., Niagara Mohawk Power, West Penn Electric Co., Washington Water Power,** and **Puget Sound Power & Light.**

Consolidated Paper Corp.—Memorandum—Greenshields & Co., 507 Place d'Armes, Montreal, Canada.

Douglas Aircraft Company, Inc. — Detailed analysis ($5 per copy)—John H. Lewis & Co., 63 Wall Street, New York 5, N. Y.

Drewrys Limited, U. S. A. — Analysis — H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

Emery Air Freight Co—Memorandum—Goodbody & Co., 115 Broadway, New York 6, N. Y.

Food Machinery & Chemical Corp.—Data in current issue of "Gleanings"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue is a list of issues for portfolio ranging from high grade to speculative, and a brief analysis of **ABC Vending Corp.**

Holly Corp.—Memorandum—B. G. Phillips & Co., 44 Wall Street, New York 5, N. Y.

Libby Owens Ford Glass Company—Analysis—E. F. Hutton & Company, 61 Broadway, New York 6, N. Y.

Midwest Piping Co. — Memorandum — G. H. Walker & Co., Broadway & Locust, St. Louis 1, Mo.

National Container Corporation—Analysis—Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis.

Packard-Bell Company—Revised report—J. R. Williston, Bruce & Co., 530 West Sixth Street, Los Angeles 14, Calif.

Penn Dixie Cement — Memorandum — Auchincloss, Parker & Redpath, 52 Wall Street, New York 5, N. Y. Also available is a memorandum on **Phelps Dodge.**

Pepsi Cola Company — Analysis — Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y.

Public Service Company of New Hampshire—Memorandum—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

Richfield Oil Corporation — 1952 annual report — Secretary, Richfield Oil Corporation, 555 South Flower Street, Los Angeles 17, Calif.

St. Regis Paper—Bulletin—Cohu & Co., 1 Wall Street, New York 5, N. Y.

Southern Production Co.—Memorandum—Smith, Barney & Co., 14 Wall Street, New York 5, N. Y. Also available is an analysis of **Chicago, Milwaukee, St. Paul & Pacific Railroad Company** (bulletin No. 124).

Speer Carbon—Report—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y. Also available is a report on **Time, Inc.**

Standard Oil Company (New Jersey)—Annual report—Standard Oil Company, Room 1626, 30 Rockefeller Plaza, New York 20, N. Y.

Strong, Cobb & Company, Inc. — Special report — Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y.

Universal Match Corporation — Analysis — Friedman, Brokaw & Co., 711 St. Charles Street, St. Louis 1, Mo.

Utana Basins Oil—Information—W. D. Nebeker & Co., Pacific National Life Building, Salt Lake City 10, Utah. Also available is information on **Ute Royalty.**

Webster Chicago Corp.—Memorandum—Shillinglaw, Bolger & Co., 120 South La Salle Street, Chicago 3, Ill.

NSTA Notes

SECURITY TRADERS ASSOCIATION OF NEW YORK

Security Traders Association of New York (STANY) Bowling League Standing as of April 30, 1953 is as follows:

Team—	Points
Meyer (Capt.), Kaiser, Swenson, Frankel, Wechsler, Barker	44½
Hunter (Capt.), Klein, Weissman, Murphy, Searight	43
Burian (Capt.), G. Montanye, Voccoli, Siegel, Reid	40
Bean (Capt.), Frankel, Strauss, Nieman, Bass, Krassowich	39½
Growney (Capt.), Craig, Fredericks, Bies, McGovern	36
Goodman (Capt.), Smith, Valentine, Meyers, Farrell, Brown	35
Krisam (Capt.), Ghegan, Jacobs, Gannon, Cohen	34
Donadio (Capt.), Demaye, Whiting, O'Connor, Rappa, Seijas	33
Serlen (Capt.), Gersten, Krumholz, Rogers, Gold	30½
Murphy (Capt.), Manson, D. Montanye, O'Mara, Pollack, Gavin	30
Mewing (Capt.), Bradley, Weseman, Hunt, Gronick, Huff	27½
Leone (Capt.), Greenberg, Tisch, Werkmeister, Leinhard, Corby	26

200 Point Club		5 Point Club
Willie McGovern	226	Mike Growney
Will Krisam		Joe Donadio

The 17th annual dinner meeting of the Security Traders Association of New York, Inc., will be held **Friday, May 8,** in the Waldorf-Astoria, it was announced yesterday.

SECURITY TRADERS ASSOCIATION OF LOS ANGELES

The Security Traders Association of Los Angeles Bowling League climaxed another highly successful season with their famous Award Banquet following feature matches and a headpin tournament on **Wednesday April 29.**

Bob Diehl of Paine, Webber, Jackson & Curtis was presented with a beautiful leather luggage set for again acting as Secretary. The season had an exciting finish as until three weeks prior to the final night's bowling, all ten teams had a chance to win and it wasn't decided until the last night. The winning team of A. S. McOmber of Revel Miller & Co., G. B. Tuttle of Gross, Rogers, Barbour, Smith, and R. C. Vernon of Wagenseller & Durst received figure trophies, and engraved gold medal money clips and tie chains. Bill Wylde of Harris, Upham & Co. took the high single with a 256 and N. B. Van Arsdale of Blyth & Co. won season high series with 624. Harry Stemper of Bateman, Eichler was the League's top bowler.

Top headpin prize was taken by Tony Kraft of Oscar Kraft & Co. for high single. Bud Dorroh of William R. Staats Co. won the high series, and was also the sensation of a feature match between the top five bowlers against the low five, using a 100% handicap.

Dorroh, who has been low bowler of the league rolled the highest scratch series of all participants in this hotly contested match and hadn't come out of the clouds by the following day. W. A. Johnson of Sutro & Co., who has served as Treasurer, was appointed Secretary for next year.

SECURITY TRADERS ASSOCIATION OF LOS ANGELES

The Security Traders Association of Los Angeles will hold its annual spring party June 19, 20 and 21 at the Arrowhead Lodge, Lake Arrowhead, Calif. Cost will be $25 for members and $35 for guests. Checks should be made payable to the Security Traders Association of Los Angeles and mailed to Robert Green, Treasurer, Pledger & Co., Los Angeles before May 15. Frank Link, Harris, Upham & Co., should also be advised by members planning to attend, with names of their guests, for hotel reservations.

SAN FRANCISCO SECURITY TRADERS ASSOCIATION

The San Francisco Security Traders Association will hold its annual spring party June 5, 6 and 7.

Lawrence S. Pulliam On Trip to New York

Lawrence S. Pulliam

Lawrence S. Pulliam, Vice-President of Weeden & Co., Los Angeles, is on a trip to New York, and plans to attend the dinner of the Security Traders Association of New York on May 8. Mr. Pulliam recently celebrated his birthday (May 5).

O'Brien, Jr. & O'Rourke With Carr O'Brien Co.

PHILADELPHIA, Pa. — Carr O'Brien Company, 1500 Walnut Street, announce that John T. O'Brien, Jr. and Thomas F. O'Rourke have become associated with their firm. Mr. O'Rourke was formerly with Stroud & Company, Inc.

J. F. Reilly Wire to Pledger, Los Angeles

J. F. Reilly & Co., Incorporated, 61 Broadway, New York City, announce the installation of a direct private wire to Pledger & Company, Inc., 210 West Seventh Street, Los Angeles, members of the Los Angeles Stock Exchange.

Midwest Securities Co. Formed in Chicago

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Arthur B. Weichelt is engaging in a securities business from offices at 29 South La Salle Street under the firm name of Midwest Securities Co. He was formerly an officer of John T. Swartz & Co., Inc.

Waddell & Reed Adds

(Special to THE FINANCIAL CHRONICLE)

TOLEDO, Ohio — Wayne E. Chamberlin is now affiliated with Waddell & Reed, Inc.

Facing the Future in Radio And Television Broadcasting

By BRIG. GEN. DAVID SARNOFF*

Chairman of the Board, Radio Corporation of America

Prominent broadcasting pioneer maintaining TV's potentialities have been barely sketched, envisions more than 1,000 stations within next few years; but warns Television should be no place for Get-Rich-Quick Wallingfords. Cites new scientific developments in offing. Expresses hope for early authorization of compatible color TV for commercial broadcasting.

Inspiring opportunities—in radio as well as television—are still ahead of us. I want to talk to you about those opportunities, and about some of facts of life which we must face together to realize them.

David Sarnoff

The key to those opportunities is service—service to the public in local communities and across the nation, and service to the advertisers. These two services are indivisible in the pattern of America's free economy. Far from conflicting, each reinforces the other.

If radio and television—in their own way—seek out and meet public needs, they will keep audience attention and continue to grow in influence. And every cubit added to their stature as public services will make them that much more effective as advertising media.

Radio was built on the basis of service to the American people. Television must be based on the same solid foundation. For all its drama and potential for profit, television should be no place for get-rich-quick Wallingfords, more interested in what they can take than what they can give. Sure, they may ride high for a time, but they will have no staying power. Sooner or later the public will intervene, and they will lose out to broadcasters who have shouldered the responsibilities on which continuing opportunities for profit are founded.

Television, like radio, should be a profession, with all that the term at its best implies in integrity, dignity, and above all dedication to a tradition of public usefulness. It should provide careers upon which young Americans can enter with the same proud sense of fulfilling a vital public function that they have in entering science, medicine, law, or journalism. That inner awareness of mission applies not only to stations and networks but to TV performers, production people, administrators, salesmen and technicians.

The American System of Broadcasting

The American system of broadcasting is part and parcel of the American way of life, the essence of which is freedom tempered by a sense of responsibility. Broadcasting, like the rest of our industry, is financed by private capital that is put to work to earn a profit. If we are to maintain and enlarge our capacity to serve the public, the various elements of our broadcasting structure must be kept in sound financial condition. It is a case where self-interest and public interest coincide.

The principal elements of the structure are stations and networks. The collective circulation attracted over the facilities of stations by network programs — of a scope and variety no individual station could afford — is sold to national advertisers. After networks pay commissions, discounts, interconnection costs and station compensation, they have between 25 and 30 cents of the sales dollar left to run their business and carry on the developments on which the vitality of the industry depends.

This fractional portion of the dollar is the sole economic support of all the facilities, talent and services which the networks provide to affiliated stations. It must cover the costs of public service and other sustaining programs, as well as other heavy expenses.

It should be obvious that affiliated stations have a direct interest not only in the quality of network service but in the economic stability of networks. By the same token, networks have a direct stake in the welfare of their affiliates. Networks cannot exist without stations. But it is equally true that many stations could not maintain their existing level of service and profit without a network affiliation.

A high quality local service gives a station standing in its community and makes it attractive as a network outlet. A vigorous network service builds audience for the stations, enhances the sales value of local time, and thus provides the station with more revenue to improve its local programs. Strong local service and strong national service are essential to the American system of broadcasting and, what is most important from the vantage point of our industry, they are essential to one another.

In order to maintain the vitality of these two services, the economic relationships on which they rest must meet the needs of *all* parties to the arrangement. As we go through this formative period to television development and the changing circumstances of radio, conditions could arise which might strain these relationships. It is well for all of us to recognize the warning signals, some of which are already visible.

For example, networks must assume much greater financial burdens and risks than stations. In order to provide a nationwide service, networks must maintain large organizations, continually increase their investment in facilities, and commit huge funds in long-term arrangements with talent. Despite all this investment and risk, networks profit in relation to their gross volume is very small. And anything which jeopardizes the economic stability of networks must in the final analysis concern the stations as much as the networks themselves.

These facts pack an important moral for the industry. They demand that there be sympathetic understanding and cooperation between networks and stations. Only in this way can their common problems be solved. The fundamental interests of the industry — as they affect stations, advertisers and the public — are inseparable.

Let us consider these mutual problems, first in radio and then in television.

Radio

In the Spring of 1949, the cry went up that "radio is doomed." Some of the prophets of doom predicted that within three years sound broadcasting over national networks would be wiped out, with television taking it place.

I did not join that gloomy forecast in '49, nor do I now. Not three but four years have passed, and radio broadcasting is still with us and rendering nationwide service. It plays too vital a role in the life of this nation to be cancelled out by another medium. I have witnessed too many cycles of advance and adaptation to believe that a service so intimately integrated with American life can become extinct.

We would be closing our eyes to reality, however, if we failed to recognize that radio has been undergoing fundamental changes. To make the most of its great potentials, it must now be operated and used in ways which take cognizance of the fact that it is no longer the only broadcast medium.

A process of adjustment is necessary, and it is taking place. Nevertheless, it has been complicated by the fact that the changes in radio have not been uniform throughout the system. Radio networks have been affected differently from stations, and the effects have also varied widely from station to station.

In areas where radio competes with television, its audiences have been sharply diminished during some periods by the attraction of the new medium. Rate changes have been made in appropriate cases to reflect this situation. As a result, radio today is an outstanding advertising buy in terms of the cost for what it delivers. It compares very favorably—and by a wide margin—with printed media, whose rates have been going up, without equivalent increases in circulation.

Stations have been able to adjust their own sales patterns to the opportunities of the market and as a result many have prospered. Unless networks can work out arrangements with their affiliates permitting similar flexibility in network sales, they will not be able to take full advantage of sales opportunities available to them.

This siuation is reflected by the sales figures of the past few years. Since 1948, time sales of networks have declined 22%. During the same period, however, national spot sales by stations have increased 19% and their local sales have increased 35%.

Nevertheless, the over-all increase in time sales is proof that radio has continuing economic opportunities. Today there are 45 million radio families throughout the United States. There are 25 million automobile sets and many millions of portable sets. In 1952 alone, almost 10 million radio sets were produced.

Radio is being used widely and intensively—but it is being used differently. Family listening is giving way to individual listening. There are sets in kitchens, dining rooms and bedrooms, in workrooms and playrooms. They are used to meet individual interests in certain types of programs; and they are also used when the mood calls for something different from the television fare available at the particular time.

Whether it be the printed word, the spoken word, or the sound picture, the value of their service depends not on their ability to undermine each other, but on their ingenuity in making the most of their individual appeals.

Radio, for example, can maintain large and loyal audiences by providing more programs of broad and selected appeal, so that millions will turn to it for the satisfaction of their special interests.

National advertisers can use radio networks and stations to reach massive audiences at low cost, just as they use selected magazines read by large groups with special interests. Networks and stations alike have a prime obligation to re-educate the advertiser in line with changes in audience and program.

We have a solid basis for continuance of a vigorous national radio service that can co-exist with television. However, to build on that base solidly, stations and networks must strive to work out a balance of interests that will enable each to maintain economic health in the period ahead.

Television

In radio our goal must be to strengthen the economic base of a nationwide system already in existence. In television the goal is to complete the building of a nationwide system now in process of formation. Here, too, we face serious economic challenge.

Building a nationwide television service is a gigantic undertaking, involving immense resources and large-scale enterprise. I know it has been the fashion in some circles to indentify bigness with badness; to attack large-scale enterprise while demanding more and more of the benefits which only such enterprise can provide.

I do not share these muddy views. I have learned from life —not from theory—that big enterprise is a quickening and constructive force in a huge and growing country. It calls into being and nourishes thousands of small enterprises. It expands production facilities essential to national security. It organizes mass distribution which cuts cost to consumers. It supports prodigious research and development that require the expenditure of vast sums without immediate return.

It is from this research that the most important advances in American economy have come. Our own industry is the best proof of this fact, and television its most dramatic exhibit.

Television didn't just happen. It was created through continuous and costly research and development by a few large companies. The road they traversed was long and sometimes discouraging. But they were willing to back their faith with their resources. I am proud that RCA—which has put $50 million into the development of black-and-white television and another $20 million into color—was one of these companies.

The tremendous efforts and unflagging faith of these few large companies have produced a new industry. Already that industry supports hundreds of competing manufacturers — large and small —and a multitude of related enterprises as well as a growing number of television stations in VHF and UHF. And this new industry is only on the threshold of its destiny.

But no industry is an end in itself. It is an instrumentality for public service. Television's job is to bring the best programs to the most people throughout the country and ultimately throughout the world.

This is a large order, I grant, but not too large for the men who have already demonstrated their mettle. The development and national distribution of network program services involve enormous costs for facilities, talent, production personnel, and other factors. These are big financial risks which any network must assume if it is to serve its affili-

Continued on page 35

*Address by Gen. Sarnoff before National Association of Radio and Television Broadcasters, Los Angeles, Cal., April 29, 1953.

Our Outdated Tariff Policy—An Impediment to World Peace

By WARREN LEE PIERSON*
Chairman of the Board, Trans World Airlines

Mr. Pierson points out that though Western World has made progress in political and military fields, there has been little advance toward economic cooperation, and trade and exchange barriers still persist. Says greatest single obstacle is "our deep-seated protectionist traditions," and recommends a further substantial lowering of our tariffs and elimination of import quotas. Concludes question is whether we shall give away our assets in foreign aid, or obtain a *quid pro quo* for our exports.

Since the end of World War II the American people have demonstrated their genuine desire for peace. But in spite of unprecedented diplomatic efforts and the expenditure of truly colossal funds the goal has not been achieved.

Warren Lee Pierson

Unfortunately, there are no wonder drugs, secret formulas or magicians' tricks we can call upon to aid our quest but we can at least advance our understanding of the problem if we place it in proper perspective.

In our efforts to avert war we have been operating in recent years on the theory that peace can be preserved if only the Western World could master enough strength to discourage Soviet aggressions. There is no doubt that we have made progress in the political and military field. NATO has been established and has become an important inter-allied agency. There is growing military force in Europe. There has been some common action in Korea. No one in the Western World denies the advantages of the cooperation already accomplished.

This policy, however, has failed to operate in the economic field. The Western World is still divided by trade barriers, by exchange controls, by discriminatory practices of various kinds. We are far removed from that degree of unity which we once enjoyed through multilateral trade, nondiscrimination and currency convertibility. Regional attempts at "economic associations" have been tried in Western Europe but so far they have not fulfilled the expectations of their sponsors.

The lack of integration of the non-Soviet world entirely suits the Kremlin. Indeed, in the last major pronouncement of his life, Stalin made a gleeful prophecy of growing economic tensions among "capitalistic" countries. And it is true that the age-old prejudices which still persist in world trade matters give the Soviet an opportunity to sow discontent among Western countries.

The United States objects, and rightly so, to trade between her Allies and the Iron Curtain countries; since our Allies depend, however, on many Soviet sources of supply our objections can only be sustained if we help develop alternate trade channels. Failing that, we provide Moscow with an opportunity to use the proverbial "carrots" in relations with the countries of Western Europe and probably Japan—"carrots" which are poisonous to the unity of the non-Soviet world

In the Nineteenth century there developed considerable degree of unity in the world economy owing to the free trade policies of Great Britain and to the general acceptance of the gold standard skillfully directed from London.

In these times the area over which we can secure unity is reduced through the division of the world into the Soviet sphere of influence dominated by totalitarian policy—and the rest of the planet currently called the "free world." But the free world is not a free trading world—hence its weakness, vulnerability and division.

Because the pressure of events has forced us from the sidelines to the vanguard of world affairs we have inherited the role of unifier to the non-Soviet orbit. There is in this respect a striking relation between our position in the mid-Twentieth century to that of Great Britain in the mid-Nineteenth.

That we must play this role if the free world is to be strong few will deny. But will we acknowledge and accept our position of leadership?

The greatest single obstacle will be found in our deep-seated protectionist traditions.

I am frankly reluctant to review these not because I have any lack of conviction as to what course we should follow but because it involves the whole controversial business of the tariff and related matters. I know your own organization has already tackled the whole question in a most constructive manner. Nevertheless, I don't know how I can begin to cover my assignment without approaching it head-on.

Introduced in the days of Alexander Hamilton, when we were a young, undeveloped country, the tariff served us well. The protective devices helped our infant industries to grow, and at the same time furnished the largest single source of revenue to the Federal Government. Also during our initial growth period we were a debtor nation and we needed export surpluses in order to pay our foreign debts.

The present century has so far been a period of great and violent economic changes. These have affected the position of various trading nations in the world economy as a result of the break-up of their colonial empires. Other countries, foremost among them the United States, have grown in importance in both absolute and relative terms. We have grown in absolute terms because of the tremendous increase in the productive capacity of the United States—both industrially and agriculturally. We have grown in relative terms because of the severe dislocations in the world economy.

From a debtor country we have become a creditor — indeed the sole major source of capital for foreign investments. Our industries, which once produced primarily for our own domestic needs, have found most attractive world markets.

The growing ratio of exports to total output in many important industrial and agricultural products, coupled with increasingly high "break-even points," has made export trade a vital element of the American economy. Accordingly, a drastic decline in our bustling export trade could precipitate a serious business recession.

Since 1934 we have liberalized our tariffs considerably but in the light of the sweeping economic developments I have mentioned, our historic protectionist policies need a serious re-examination. For in spite of all we have done to help them, we have not yet convinced friendly nations that we are prepared to accept the role suitable for a creditor country.

Accordingly, as one positive approach to the world peace we all want, I recommend a further substantial lowering of our tariffs; the simplification of our customs procedures; and the elimination of import quotas contained in several acts of Congress.

I am quite conscious of the fact that it is easier, in a democratic society such as ours, to make such recommendations than to describe how they should be carried out. But I do submit that there is something cockeyed about a system which for 30 years has been draining our country of its basic resources, at the same time charging our citizens (through taxes or higher prices) for the privilege.

During the Twenties the excess of exports over imports was largely balanced by foreign loans—many of which have not been and never will be paid in full. A lot of blame has been heaped on the underwriters and distributors of those securities. Probably some of them exercised poor judgment although at the time the loans were made they seem to have had general acceptance.

Over the past seven years, the value of our exports has exceeded that of imports by approximately five billion dollars a year. During the same period the government has paid out around forty billion dollars on foreign aid. Again our citizens, this time as taxpayers, have provided the funds to pay for these excess exports.

It is, of course, only fair to say that much of these forty billions of exports could not have been offset by imports since they were used to help war devastated areas. But the era of substantial grants-in-aid is drawing to a close and the American taxpayers are seeking some relief from the burdens imposed on them by such grants. Or at any rate, they want to see a larger part of their tax moneys spent at home for urgently needed domestic public projects.

And even the foreign recipients of our assistance are beginning to recognize that a change is imminent and are increasingly anxious to earn their own way.

Oversimplified, our problem is how to maintain a substantial export trade and at the same time conserve our national resources and safeguard essential defense industries.

I want to say at once that I do not recommend any sudden adoption of free trade as an answer. Free trade—at least in the foreseeable future—is neither a practical nor a political possibility. It would not be sensible to destroy concerns important to national defense which have been built up and continue to rely upon tariff protection. Nor should we impose on other important industries the shock of removing all protection without providing some time in which to accomplish the change.

Having said that much I wish to emphasize that there are many goods and commodities we urgently need upon which present tariff duties can be substantially lowered. Thirty-five hundred items still are protected—and of these almost five hundred carry rates exceeding 50% of the value of the article and several hundred exceed 25%.

It is no crime for those whose self interest is concerned to oppose a reduction of tariff. Such action for some would certainly mean a loss of profits. A limited number might have to get into other businesses. But similar results can, in fact, occur for many other reasons in a competitive, free enterprise system. There is no good reason why tariffs should—except in rare cases involving security—continue to protect and foster marginal industries.

But as we become politically mature there is a growing need for settling important problems affecting the well-being of all Americans upon national rather than sectional considerations. The time has passed when petty local interests and obsolescent industries should profit at the expense of the great majority of our people.

To obtain a truly objective appraisal of what is the best tariff policy for the United States requires the setting up of a representative Citizens' Commission—the members of which are immune from local pressures — to give the Congress and the President independent counsel. This step has been advocated by the United States Council of the International Chamber of Commerce. Properly constituted such a group could identify those commodities and services that the United States can accept from abroad with the minimum of danger to our own industries. It could also help to prevent powerful pressure groups from getting undeserved protection at the expense of the American taxpayer and consumer.

The gradual reduction of the United States tariffs is an indispensable ingredient of a forward-looking economic policy — and likely to be the most controversial element of the program. But it is by no means the only one. As has been pointed out—and on that subject there is no better guide than the pamphlet published by the Chamber of Commerce of the United States entitled "International Trade Policy Issues"—we must also establish a sound basis for the valuation of imports, cut out a great deal of administrative red tape and introduce to our customs procedures the simplification which it now lacks

I have emphasized the importance of American economic leadership in advancing the cause of peace. Let me also stress the need for foreign countries to respond whole-heartedly to that leadership. Unless our friends abroad put their financial houses in order, stimulate private enterprise and productivity, liberalize their own commercial policy and adopt a more favorable attitude toward foreign capital, our own program alone will not prove effective to restore economic health and unity to the non-Communist world.

Fortunately, there are many encouraging signs now in Western Europe. Great Britain in its recently announced new budget has taken further strides towards internal balance. The same can be said of certain continental countries in Western Europe. The recent Dutch program of action for the establishment of a free trade area among the six Schuman Plan countries carries a great deal of promise. Currency convertibility is again a widely accepted goal together with the discipline which it involves. When achieved it will pave the way for a resumption of expanded foreign investment.

In spite of the very real progress achieved so far there remains one problem of major proportions which we alone can resolve: the unbalanced condition of our external accounts.

We can deal with this unbalance in one of two ways:

We can continue giving away our assets in the form of foreign aid; or

We can accept more foreign goods thereby obtaining a useful *quid pro quo* for our exports.

If we do neither of these things we are sure to precipitate a new international payments crisis and lose foreign markets for our export industries. The result will be detrimental to our own welfare and to the unity and strength of the entire Western World.

The decision is ours and it is urgent!

*An address by Mr. Pierson at the 41st Annual Meeting of the Chamber of Commerce of the United States, Washington, D. C., April 27, 1953.

Benn & Geisse Join Doremus Co. Staff

T. Alexander Benn and Harold L. Geisse, Jr., have joined the New York staff of Doremus & Co., 120 Broadway, New York City, advertising and public relations firm.

Mr. Benn who will be in the copy department, is the author of "Your Personal Method for Choosing Stocks and Bonds," to be published by Wilfred Funk, Inc., in September. He has been associated with Merrill Lynch, Pierce, Fenner & Beane, where he produced several studies of American industries and has edited a special series of naval policy books for the McGraw-Hill Book Company.

Mr. Geisse, Jr., who will specialize in public relations work, has been associated with Harcourt, Brace and Co., The Elks Magazine, and just recently has been editor of the Liveright Publishing Corporation.

Joins Beardslee-Talbot

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—A. F. Anglemeyer has become connected with Beardslee-Talbot Company, 607 Marquette Avenue.

American Living Standards And Consumer Finance

By PAUL L. SELBY*
Executive Vice-President, National Consumer Finance Association

Upholding consumer credit as a stimulus to higher living standards, Mr. Selby contends American standard of living would be even higher today, if more people understood consumer credit "as well as they do boxing and baseball." Points out the $23 billion in consumer credit used last year in U. S. is less than 10% of the National Income, and its volume indicates a very healthy economic condition of the nation.

Consumer credit, including consumer finance, has contributed greatly to improving the living standards of the American family in the past 50 years.


Paul L. Selby

The half century we have just completed has seen the striking growth of all the consumer credit institutions so well represented at this New York University conference.

But our field — consumer finance — has developed with particular rapidity in recent decades, and for very good reason.

It is only in the past 20 years that consumer credit facilities have become adequate for the gigantic task of providing the American family with all its day-to-day needs.

This growth has been sound and constructive. It has been good for the American family, for the public, for the national economy and the national welfare.

Last year, the people of this country used more than $23 billion in consumer credit and consumer finance facilities.

This is less than 10% of the national income and points to a very healthy economic condition for the nation.

My own industry alone — the more than 7,000 licensed consumer finance offices of the consumer finance industry—serves between 9 and 10 million families a year in the field of money credit. This industry too is in a healthy state.

The performance of consumer credit in the life of the nation is great. But, unfortunately, in some quarters performance has outrun appreciation.

Like so many things in America, consumer credit and consumer finance institutions have developed in response to a great and growing demand for their services.

But neither those who grant credit today, nor those who use credit, are as fully aware as they might be of all the social and economic implications of this type of service.

Most people have a general knowledge of the nature and function of time-payment loans and personal loans. But there is not enough thorough understanding of consumer credit and finance in two of their essential aspects: their relation to the national economy and their relation to the individual family's welfare.

The fact is that consumer credit, including consumer finance, is the motive power which keeps in motion the vast, interrelated process of mass production, mass distribution and mass consumption on which our high living standards depend.

Consumer credit is a key factor in our democratic way of life because it guarantees the mechanics which make it possible for millions of American families to have their share of the homes built in this country . . . . and cars . . . . and the refrigerators . . . . the radio and television sets . . . . and to say nothing of increased educational facilities, medical care and the like.

Most American families have access to the products and services of our unparalleled economic system because they have access to consumer credit and consumer finance.

And because these credit facilities enable them to buy the goods and services they want, our unparalleled economic system keeps going . . . . and going strong.

Need Better Appreciation of Consumer Credit

If people generally could achieve a fuller understanding and appreciation of consumer credit in its various aspects, the nation's living standard could be improved still further.

America's living standards would be even higher than they are today—and we would have a strong bulwark against threats to these standards—if more people understood consumer credit as well as they do boxing and baseball.

A lot of intelligence as well as enthusiasm goes into understanding our national sports.

The same kind of intelligence and enthusiasm applied by individuals and families to the facilities and services of consumer credit and consumer finance would teach people how to make the most of their potential credit at the least cost and how to soften the impact of undue fluctuations in living standards, and even how to boost them to new heights.

Consumer credit is an instrument which can serve you in direct proportion as you use it intelligently. That is why it is so vital for consumer credit to be understood.

If you try to drive a nail with a saw and fail, you can't intelligently blame the saw. Just because the saw failed to drive the nail doesn't mean it is a "bad" tool: it simply means that it wasn't used for the purpose it was made.

People today could use consumer credit and consumer finance more effectively than they do . . . . once the seeming mystery is taken out of it.

Actually, there is no mystery. Consumer credit **is not** calculus or Einstein's Unified Field Theory of Relativity. Consumer credit is part of our daily lives and must be understood to provide the fullest potential benefit to its users.

We in the consumer finance industry, for example, insist that a person can make just as big a mistake borrowing when they **shouldn't** as not borrowing when they should.

One of the basic tenets of the National Consumer Finance Association and its members is the constant effort to promote the orderly liquidation of debt and the borrowing **only** for constructive purposes.

Another notion that needs to be made clear is that the need for money credit, or consumer finance, to carry out the normal activities of the American family, is even greater at times, than the need for financing goods and products.

Who is to say whether giving Junior a college education or getting adequate medical attention for the entire family is more or less important than buying a new washing machine or a new rug?

It seems to me that the most important challenge to the entire consumer credit industry in the post-defense period is to create a wider, better, clearer understanding about all forms of consumer credit . . . . and to do so all the way across the country.

This is a big job and a tremendously important one. It calls for greater unity of thinking and expression by all segments of the consumer credit industry.

We of the licensed consumer finance companies recognize and accept an important share in this national responsibility.

As we pass the peak of defense spending, we may expect some period of uncertainty as we work toward the readjustment of the economy.

There may be some unemployment, considerable changing of jobs and relocation of homes.

The personal income pattern may change for many wage and salary earners.

These changes could result in widespread fear and substantial retraction in buying and forward commitments.

Potential Consumer Demand at High Point

But, it is important to keep in mind that potential consumer demand of the country is greater than ever before and is still growing to keep pace with our increasing population and our ever rising living standard.

There is no reason to expect more than a temporary readjustment period.

We can consume or export all the tremendous output of our free enterprise system . . . . provided we can maintain confidence and dispel financial fears in the minds of consumers.

The licensed consumer finance companies build this confidence, self-reliance and self-respect on the part of the consumer.

They smooth out the financial peaks and valleys in the average American home.

This has been tested over the years by the 10,000,000 families who bring their problems to consumer finance companies and find sound solutions for the financial situations which otherwise would create uncertainty and fear.

The instalment loan handled by the consumer finance industry fits the income pattern of the family earner and terms are so flexible that they permit ready adjustment to changing conditions or emergencies.

Once the family consolidates its debts in a consumer finance loan; once a loan is made to pay off medical, dental or hospital bills, moving expenses or educational expenses, the family can continue its normal living and meet its obligations for the basic necessities — food, clothing and shelter.

Under these credit-availability conditions, fears and tensions are allayed, self-respect and credit standing are maintained.

These are things that are particularly important in the post-defense period when normalcy is so necessary.

At a time when the buying habits of the nation will be determined by a feeling of confidence or fear of the future, the balance wheel of our economic system may well be the consumer finance industry.[1]

*A talk delivered by Mr. Selby at the New York University Consumer Credit Conference, N. Y. City, April 10, 1953.

1 In reply to a question from the audience as to what new types of loans are expected in the immediate future, Mr. Selby said: "Consumer finance companies were pioneers in the small loan business. They have always understood the necessity for and will continue to follow the policy of making each loan fit into the income pattern of the borrowers, most of whom are in the middle and lower income groups."

Joins Walston Staff

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif. — Roger L. Bessner is with Walston & Co., 1014 Eighth Street.

In Memoriam

Col. Robert H. Montgomery dies at 80. Noted Accountant, Tax Expert and Lawyer.

Col. Robert H. Montgomery, well-known certified public accountant, lawyer and tax expert died yesterday at his winter home in Miami, Fla.

Col. Montgomery was senior partner in the international accountancy firm of Lybrand, Ross Bros. & Montgomery of New York, London and Paris, with branch offices in the leading American cities.

Col. Montgomery was highly regarded in financial circles as an outstanding tax authority and his books on accounting and tax problems became standard text books in colleges.

Besides his original professorship in Columbia University, Col. Montgomery has been President of the American Institute of Accountants and a former President of the New York and Pennsylvania C. P. A. organizations.

In 1931, President Eisenhower, who was then an Army Major, was assigned to Colonel Montgomery's staff when the latter was head of the War Policies Commission. Both men have been close friends ever since.

Col. Montgomery was credited with saving the government millions of dollars a year by his method of saving expenses in the old obsolete United Shipping Board Agency, one of the various $1 a year government jobs in which he served during the active years of his long business career.

Joins S. B. Franklin Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Jack W. Dresser has become affiliated with Samuel B. Franklin & Company, 215 West Seventh Street.

Arguments for Gold Standard

By FREDERICK G. SHULL*
Connecticut State Chairman, Gold Standard League

Mr. Shull stresses principle of honesty in a monetary system, and condemns Gold Reserve Act of 1934 as greatest bit of dishonesty ever inflicted on the people. Favors return to gold dollar of $35 per ounce.

The question we are here to discuss may be boiled down to these simple terms, namely: Should the "value" of the American dollar be firmly fixed at $35 a fine ounce of gold, and made "redeemable," on demand, at that fixed value?

Frederick G. Shull

The answer to that question involves the most important principle that governs the relationships of man to man, namely, "honesty"; for if we can't have an "honest dollar," why be too concerned about "honesty" in any form?

There is nothing new in the principle of an "honest monetary currency": it has largely prevailed in the leading nations of the world for the past two centuries, and has been accorded approval by recognized economists and financiers throughout that period — having been quite consistently in use by those nations for generations; and it, likewise, has the approval of outstanding economists and financiers of today.

It was nearly 200 years ago that the world's greatest economist, Adam Smith, wrote his masterpiece, "Wealth of Nations," which book formed the foundation for the modern science of economics. Adam Smith gave conclusive evidence of being an advocate of a sound monetary unit whose "value" should be firmly fixed in terms of a definite weight of gold. One of his oft-quoted statements bears this out. It reads: "The raising of the denomination of the coin has been the most usual expedient by which a real public bankruptcy has been disguised under the appearance of a pretended payment."

Now, in 1933—after the United States had operated with an "honest dollar" for more than 140 years — the New Dealers "raised the denomination of our coin"; they took what had been a twenty-dollar gold piece almost throughout our entire history as a nation and called it a thirty-five-dollar gold piece, approximately. That was "raising the denomination of the coin," and—in the words of Adam Smith—it was "disguising a real public bankruptcy under the appearance of a pretended payment" — as great a piece of "dishonesty" as has ever been inflicted on the people of this nation. For by thus raising the official price of gold it, automatically, reduced the real-value of the people's dollar-savings by 41%—it robbed them of billions of dollars by the "inflationary" effect which it occasioned, because it made necessary the spending of 70% more dollars to parallel the gold-value of our earlier dollar. And, hence, we now pay fully 70% higher prices for almost everything — such as $2,000 for a $1,200 automobile; $20 for a $12 pair of shoes; 25 cents for a 15 cent quart of milk, and so on.

But, still worse, we now have ardent advocates — largely made up of gold-producers and foreign nations owing us dollars — who want to still further debase the American dollar by increasing the official price of gold to some such figure as $52.50 per ounce, an increase of 50% over the present price. That would mean a 33⅓% "devaluation" of the present dollar; and, since the people now own on the order of $500 billion of dollar-assets in the form of Government bonds, bank deposits, and life insurance benefits already paid for — it would rob them of some $160 billion of the real value of those savings by the further "inflation" it would almost certainly promote.

Here are some historic facts we should keep in mind: Under the able leadership of Alexander Hamilton the "value" of the Dollar was set at 24.75 grains of fine gold, in the year 1792; that "value" of the Dollar never changed until the 1830's when it was slightly reduced to 23.22 grains,[1] amounting to about a 6% "devaluation" of the Dollar; and this latter "value" was never again tampered with until the New Deal took over in 1933 and "devaluated" the Dollar by 41%. It will be seen, therefore, that throughout almost our entire history as a nation we have operated with a dollar carrying a "value" of approximately 24 grains of gold—resulting in an official price for gold of about $20 a troy ounce; and that "honest dollar" has had the approval of leading economists for the entire period, as well as the tacit approval of every President of the United States from George Washington to Herbert Hoover, inclusive—for none of those political leaders ever tampered with the gold-value of the dollar, other than the insignificant "6% devaluation" of the 1830's.

Therefore, in the light of the foregoing, I contend: that these facts fully justify the claim that the "value" of the Dollar should be firmly fixed at $35 a fine ounce of gold and made "redeemable," on demand, at that fixed value; that such a policy is in keeping with the views of thoughtful economists from Adam Smith right down to the present time—including Alexander Hamilton; John Sherman; Andrew D. White; the late Professor Edwin W. Kemmerer of Princeton, and today's most prominent monetary expert, Dr. Walter E. Spahr, Executive Vice-President of the 'Economists' National Committee on Monetary Policy." That organization, made up of some 70 leading economists from Coast to Coast, includes in its membership Yale's Professors Fairchild, Hastings and Saxon; and it is using every reasonable effort to bring about the fixing of the official price of gold at $35 an ounce. What stronger evidence could possibly be needed?

*Remarks of Mr. Shull in the Gold Standard Debate at the Monthly Luncheon Meeting of the New Haven Chamber of Commerce, New Haven, Connecticut, April 10, 1953.

1 To affect a slightly different relationship as between gold and silver.

Hoagland V.-P. of Garrett & Company

DALLAS, Tex.—J. Vance Hoagland has become associated with Garrett and Company, Fidelity Union Life Building, as Vice-President in charge of their Fort Worth office and West Texas territory. Mr. Hoagland, who has been active in the distribution of mutual funds and investment securities in Forth Worth for many years, will make his headquarters at 1302 West 13th Street.

Joins Fulton, Reid

(Special to The Financial Chronicle)

CLEVELAND, Ohio—James L. Snider has joined the staff of Fulton, Reid & Co., Union Commerce Building, members of the Midwest Stock Exchange.

Why We Can Not Return To the Gold Coin Standard

By FRANZ PICK*
Publisher, Pick's World Currency Report

Though stressing he would like to see U. S., along with whole world, return to classic and ethical currency system, Mr. Pick doubts that during our lifetime mints will turn out gold coin. Says gold convertible dollar would make debt structure a nightmare. Sees insufficient gold reserve.

I wish to state at the outset that according to my experience in all fields of currency research and practice, I am, philosophically and morally, a full believer of the virtues and qualities of the Gold Coin Standard.

Franz Pick

I would love to see not only the United States, but the whole world, return to classic and ethical currency systems.

But, as a currency analyst whose daily task it has been for the last 30 years to study the catastrophic devastation of inflation, I have to state that to my moral, intellectual and practical regret, we have to abandon this dream for good. I very much doubt that during our time, we will see our mints turn out gold instead of paper money.

The major reason for such circumstances is the general acceptance of dishonest currency management.

As you all know, the Gold Standard — bullion and coin — functioned practically uninterrupted from the end of the Napoleonic Wars in 1815 until Aug. 1, 1914. The outbreak of World War I brought its suspension in most of Western and Central Europe, as well as in then Czarist Russia.

Military expenditures for this first modern war could not be financed without destruction of currency values. Gold redeemable paper money would have stopped World War I within six or eight months, because the governments on both sides of the conflict would not have been able to finance the war effort with their stocks of precious metals. They would have been unable to issue War or Defense Loans, or to pay out gold to those who preferred it to paper money.

The whole economic organization would have collapsed in the first panic of rationing of food, fuel, strategic metals, etc.

The continuous printing of new paper money and paper bonds, had the hypocritic blessings of civic, patriotic and religious slogans of civilian duty. At the same time, the money and debt creating authorities broke all ethical standards.

World War I, as you all know, finished with dozens of absolutely fradudulent state bankruptcies in Europe, Africa and Asia. At that time, another effort was made to revive the Gold Standard.

In the late twenties, the British Empire wanted to make the Sterling again convertible into the yellow metal. The United States, the only country with an honest gold currency at that time, disregarded basic economic laws and destroyed its currency system in an unprecedented orgie of credit inflation. And with it, went the currency systems of all the other countries in the world.

England and her Empire went into state bankruptcy in 1931; China and Japan in 1932, and in 1933 the United States had to go off gold. In 1936, France and the countries of the gold-bloc followed.

In 1939, Hitler marched into Poland. World War II had begun. A spending spree of historically never attained proportions started. Within the next five years the belligerent countries invested a total of one trillion, eight hundred billion dollars in destruction.

That was, as we know today, 50 times more than all the gold owned by the governments of the world.

In any cold and cynical consideration of currency management, this destruction had to be paid by the citizen. In order to do that, the governments on both sides of the war had to maintain the illusion that their paper money was the ideal instrument of payment.

At the same time, they had to create the permanent lies of the unmatched quality of investment in government bonds, which were indispensable for financing the war.

Enforced legislation, outlawing most of the hedges against this planned currency destruction, completes the picture which we face today.

More than 70 state bankruptcies occurred in the world during the past three and one-half years. But, as only half of the government debts resulting from the war effort have been wiped out, more devaluations are to come.

And, as long as the governments have not substantially reduced, or even better, wiped out, their debts, a return to the Gold Exchange Standard remains a beautiful dream. But for us, it would mean a depression of unbearable proportions.

It would be worse than 1929, because we would have to face two principal facts—morals and the mechanical aspects of a Gold Coin Convertibility.

Let us look at the moral angle. Here is a Double Eagle. Thirty years ago this coin was worth 20 U. S. dollars. Today, it is worth between $45 and $50 in our black markets.

If we would return to a Gold Coin Standard, we would have to mint coins. But, before doing so, we would have to cope with currency depreciation. And our new Double Eagle would have to look exactly half the size of its predecessor.

Thus, a more or less less hidden confiscation would become visible to everyone and the moral impact of such an admission would do much to destroy the already waning confidence in our monetary system.

Over-night, one of the basic principles of monetary theory—namely, that a currency is made to be devalued — would become public knowledge.

Between $4 and $6 billion of our gold stock would immediately disappear in private hoards. And the Federal Reserve System would be more than embarrassed by the obligation of having to start a policy of radical deflation.

At the same time, the inflationary destruction in the widest trading area of the world—the British Commonwealth — would become more apparent than before.

The Sovereign, an English gold coin, was worth one pound before 1931. Today, it would bring

*Remarks by Mr. Pick in the Gold Standard Debate at the Monthly Luncheon of the New Haven Chamber of Commerce, New Haven, Conn., April 10, 1953.

not less than four pounds from the Bank of England, if London dared to return to coin convertibility.

And you can imagine how happy the owner of these new gold coins will feel when after having observed all laws and patriotic recommendations, he suddenly finds that he can exchange paper money into gold coins, which would cost him four times the price of 30 years ago! But, as P. T. Barnum once said, "There's one born every minute."

Now, let us look at only a few of the purely technical aspects of a return to the gold coin standard.

A gold-coin convertible dollar would make our whole debt structure a nightmare. Any bond, theoretically at least, would be gold convertible. With Federal, state, municipal and private debts totalling nearly $800 billion, we would face a few absolutely hair raising problems for the economic organization of this country.

As gold convertibility eliminates real inflation, the deflationary effect of this measure would be felt shortly after its legislation. We would run into quite a price decline. The government would have to watch its budget carefully and that could only be done by strictest economy and the constant fear of the holder of paper currency who, whenever disgusted with Federal extravagancy, could cash in his greenbacks and bonds for gold coins. Government economies, I am sorry to state, generate decline of business activity and unemployment. The latter is social and financial dynamite.

Paper money has already lost 50% in 14 years, as illustrated by the size of the eventual new gold coin. And it could suddenly happen that the distrust in paper money increases to a point where panics of gold conversion would start.

Have you ever thought that of the $22½ billion of gold we have, about $3 to $5 billion are mortgaged by dollar holdings of foreign governments, which are already convertible into the yellow metal. Therefore, only $16½ to $19½ billion are actually our gold stock.

Let us deduct from that at least $4 billion which would disappear immediately in hoardings. We would then be left with only $12½ to $14½ billion.

Do you think that such an amount could face even a small depression? Or the desire of all bondholders to receive their annual interests—about $30 billion, in gold coins? I do not.

I could give you hundreds of other facts. But as my time is limited, I will terminate by saying that the U. S. Government would not dare to return to the Gold Coin Standard, as long as the World War II debts remain unpaid.

The judgment is harsh, but factual. We, therefore, will either continue to depreciate the dollar until an official devaluation takes place, or face a minor depression which will also call for a devaluation.

And only after some peace stability will we attempt to return—not to gold coins, but—to a gold bullion standard, based on the 400-ounce gold bar, which is beyond the reach of the man in the street—because he will need at least $14,000 to buy it!

With Lester, Ryons

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Carl E. Kane has become affiliated with Lester, Ryons & Co., 623 South Hope Street, members of the New York and Los Angeles Stock Exchanges.

The Longer Term Outlook For the Steel Industry

By BAY E. ESTES*

Director of Commercial Research
United States Steel Corporation

Predicting future level of our economy, plus the frequency, duration and extent of business fluctuations, will be prime factors influencing future demand for steel, U. S. Steel economist bases his belief on preponderant use of steel in capital goods production. Points out steel future is concerned with possible substitutions by competitive materials, but holds this is not likely to prevent further expansion in uses of steel. Asserts full use of nation's steel producing capacity is not essential to a prosperous steel industry.

As I look forward into the more distant future, it seems that any prediction which I might make regarding our economy as a whole would be of little value. Many such predictions have been made. You undoubtedly have seen some of them. I am certain that each of you has his own concept of the future, and anything that I might say could influence it but little. At the same time, I am certain that each of you will agree that the future level of our economy, plus the frequency, duration, and extent of our business fluctuations, will be the prime factor influencing the demand for steel during the years ahead. Therefore, it seems to me that if I can make any useful contribution to your thinking regarding long-range steel demand, it must be through presenting some knowledge or ideas which will facilitate your task of translating your own personal concept of our economic future into terms of steel demand.

Bay E. Estes

Let's begin by looking at the consuming use pattern of steel demand in a broader fashion. Let's divide steel consumption into three parts—related to three segments of our economy which behave very differently in the several phases of the business cycle. These three broad steel uses are capital goods, consumer durables, and consumer nondurables.

When steel consumption is divided in this broad manner, we find that 70% of steel (exclusive of exports) goes into capital goods; another 23% is used in consumer durables, and only about 7% flows into consumer nondurables. In making this very approximate fundamental split of steel demand, I am defining each of the three segments as basically as possible and without reference to any other similar classifications. In capital goods, I include not only business construction and equipment, but also government construction, oil well drilling equipment and supplies, ships, military equipment, farm equipment, trucks, and those automobiles which serve a business purpose, such as salesmen's cars. In consumer durables, I include all items purchased by consumers which yield their value to the consumer over a significant period of time. Major items in this group are homes, appliances, furniture, and those automobiles not serving chiefly business uses. The relatively small consumer nondurables category consists chiefly of tin cans, but also includes hair pins, razor blades, and—if my experience is at all typical—many toys.

Using this broad distribution and your own concept of our economy in the future, you can readily arrive at some conclusions about future steel demand.

Competitive Materials

Another area which deserves some comment is that of competitive materials. Someone always asks a question in this area at such a meeting as this. How about aluminum, plastics, glass, plywood, to mention but a few? In answer to such a question, I always try to get across the concept of balance, and related growth. I believe that it is just as unrealistic to believe that any material will completely push steel out of a major use as it is to suppose that steel will accomplish the same result in the opposite direction. Each material will at all times find its own level based on its current cost, its existing properties as it is produced at the moment, and the present state of the art of using it. As steel is replaced in some uses by other materials, more steel will be used in producing and fabricating these materials; and steel will be used along with them. Furthermore, as better materials of all kinds make possible new products, as well as old products which perform better and can be made at lower cost, so the entire market for all materials will expand.

Wood was once by far the major material used by the human race. Today, it has been largely replaced by other materials in most uses, yet I will wager that not only is more wood used today than at any time in history, but actually more wood per capita.

New Steel Consuming Industries

People often ask about new steel-consuming industries of the future. They are thinking about the railroad industry of the late 1800's, or the automobile industry of the 1920's, or the appliance industry of the 1930's, or the pipe line building industry of the last five years. Such developments as these are always more clearly seen in retrospect than in prospect, even by market analysts. Yet there is one great new steel-consuming industry which few people recognize as such, but which I fear is going to exist indefinitely. I refer to the industry which we call "National Defense."

What about new and growing uses for steel products? I am certain that each of you can name several, and I question that this is the place to go into detail on this subject. But let me suggest a few areas. I see a growing use of steel in curtain walls in office and commercial buildings. Generally speaking, the saving achieved the first time a partition of this sort is moved will pay for the additional cost of steel over more conventional materials. We are approaching the day when it will be entirely practical to package whole milk in tin plate—possibly in frozen form. This eventually may revolutionize the dairy industry. If you are willing to look even further into the future, and completely remove the check rein from your imagination, how about the possibility of purifying sea water, perhaps, by the use of atomic energy, and pumping it through steel pipe to arid parts of the United States? How about new transportation systems to serve our great cities? Whatever their nature, they will need steel.

As I end this talk, I feel that I should issue several warnings based on my experience. One of these has to do with the importance of steel inventories when working with data on the steel industry. It is essential to recognize that such inventories in the hands of steel consumers can change as much as 5 to 10 million tons a year. Therefore, serious errors can arise if data on shipments are taken to represent steel consumption. This is particularly true of the last several years. Any analysis which does not recognize this factor must, therefore, be suspect.

Don't look at ingots alone, for finished products are what count. When analyzing a steel company, the products which it produces are more important than its ingot production, for products vary in profitability; they vary in stability; they vary in future growth possibilities. Almost any analysis worth making at all for the steel industry is worth making on at least a broad product basis.

Finally, I come to our greatly expanded steel capacity. Are we going to be able to employ it all in the future? I think not, at least not for long periods in the immediate future—not unless we can figure on regularly recurring work stoppages of considerable duration which require more or less continuous inventory building by steel users; and I would scarcely recommend this as a means of keeping this capacity fully employed when it is operating. I am not convinced that we need to use it all continuously to have a prosperous steel industry. At one time I would have predicted that with the first significant decline in steel demand, a sizable quantity of less efficient capacity would be abandoned, and that we would begin to build on the new base as steel demand grew over the years. As long, however, as a war threat continues to hang over us, it seems likely that abandonments of steel capacity will not be numerous, except possibly as such capacity is specifically replaced with new. Therefore, I feel that those of us who use steel industry statistics must learn to disregard the customary operating rate percentages and think instead in terms of tonnages produced.

*Abstracted from an address by Mr. Estes before the Sixth Annual Convention of the National Federation of Security Analysts Societies, Philadelphia, Pa., April 13, 1953.

Edmund Sampter with Sutro & Co. on Coast

LOS ANGELES, Calif. — Edmund J. Sampter has become affiliated with the industrial department of Sutro & Co., Van Nuys Building. In the past he was with Bingham, Walter & Hurry.

With Paine, Webber Co.

(Special to THE FINANCIAL CHRONICLE)

SANTA ANA, Calif.—Robert F. Herpick has become associated with Paine, Webber, Jackson & Curtis. He was formerly local manager for Investment Securities Company of California.

Richard Co. in Newark

NEWARK, N. J. — Richard & Company is now engaging in a securities business from offices at 744 Broad Street.

Convertibility Today?

By EUGENE HESZ*

Instructor, University of Detroit
Manager Mutual Fund Dept., A. M. Kidder & Co., Detroit
Members, New York Stock Exchange

Professor Hesz asserts solving currency convertibility problem, especially Pound Sterling into American dollars, is a basic remedy for a sick economic world. Lists as advantages of such convertibility: (1) stimulation of world trade; (2) making British realize they must compete again in free world; and (3) restoration of Britain as world entrepreneur and not merely a switchboard in handling international financial transactions. Favors reduced U. S. tariffs.

The solving of the problem of convertibility of foreign money, especially Pound Sterling into American dollars and vice versa, is a basic remedy for our sick economic world, just as basic as it appears absolutely essential to cure an anemic person from anaemia. The problem is so vast that it is almost impossible to outline it in a few minutes. I shall therefore confine myself to the following points:

Eugene Hesz

(1) The present monetary trade spheres in the world.

(2) Today's aim of British and American statesmen and businessmen towards convertibility.

(3) Past disappointments.

(4) Advantages of our present plans.

(5) Difficulties ahead.

(1) We have at this moment in the world four financial trade spheres. The first one comprises the United States, Canada, Switzerland, the Philippines, and several healthy Latin - American states. In this powerful trade sphere, the problem of convertibility is not a real problem. People who wish to buy dollar products are selling directly or indirectly enough of their own products amongst each other against payment in sound currencies to provide sufficient dollars all around. This sentence also defines the word "convertibility." It means that you can buy and sell dollars freely against currencies of other countries.

The next trade region is the British Commonwealth, excluding Canada, plus some Middle-Eastern and Scandinavian countries. This is the Pound Sterling area, suffering heavily under dollar shortage. The main reasons are insufficient dollar earnings. The third area is Western Europe and the non - European dependencies of western Europe. Their problems are similar to the British problems. The last trade sphere is, of course, situated behind the Iron Curtain.

I wish to interject at this point that the dollar gap, that is the annual dollar deficit, is estimated to amount at present to about three billion dollars for the western world.

(2) My second point is today's attempt by British and American men to improve upon, smooth out, or make possible free convertibility. This is caused partly by the fact that the United States is no longer willing to engage in new Marshall plans on the previous scale. Thus, American handouts are no longer policy. We recognize the existence of a dollar gap, but we wish to see it reduced by natural means. Thus the new approach is:

Reduction of United States tariffs to enable the Sterling area to earn more dollars; new United States investment for modernization of the machinery within the Sterling area. But the last and most important idea of this new thinking is the actual freeing of Pound Sterling-Dollar foreign exchange restrictions by England. What this latter point implies may be gathered by the fact that it has to be realized that we have today over 60 different types of blocked, half-blocked, and unblocked British pounds. Because Britain has only a small dollar reserve at present, in the treasury, she could not stand the shock of convertibility unaided.

(3) When considering the practicability of the new plan which I only sketched a minute ago, we must bear in mind three outstanding past experiences since the end of World War II. Our very large dollar loan to Great Britain and our Marshall Plan payments to Britain seemed sufficient to put Britain on her legs and give her a new start in economic life and also a freely convertible pound. She came up to her obligations and paid promptly what she had promised. However, the American recession of 1949 — an inventory crisis — put a cold shower on British hopes to regain her economic status quo. Scarcely had Britain halfway recovered from this shock and the Korean War broke out, in 1951. This touched off a great factual and speculative buying wave which placed the prices of many raw materials, half finished, and finished products needed by Britain almost beyond her buying power. This dramatically upset Britain's favorable balance of payments. Immediately new British controls had to be added to the old ones.

You can, therefore, see quite clearly that the problem of Britain, one of our important solid friends in a world torn asunder by democracy on one side and by totalitarianism on the other, is not exclusively her own fault. It is an outflow of world conditions.

(4) If we accept the new thinking and make the British Pound and other weak currencies fully convertible, then we shall gain the following advantages:

(a) We shall stimulate world trade. There will be an all-around effect from country to country of the free inter-exchange of foreign moneys. The psychological effect will be enormous and many countries will suddenly discover large dollar reserves, privately hoarded. We might get here, what I like to call "the coffee effect." It works like this: if all our housewives hear that coffee will be rationed soon, then they might buy more than they actually need; but as soon as the stores announce that there is plenty of coffee around, the buying will drop sharply. You will be astonished how many good greenbacks are buried in American bank vaults and belong to merchants of Western World countries which are now so short of dollars.

(b) It will teach British industry the lesson that she must compete again in free world trade. In many cases this will mean added modernization of British industry in order to compete successfully.

(c) Today we have the danger that Great Britain, once the center of world trade and world finance, might degenerate more and more into a giant telephone switchboard. This meaning that London is today no longer the market place of the world but only an agency for the world's business transactions, serving only as a friendly broker, not as entrepreneur. It is in our interest that Wall Street and Washington may profit from the enormous experience of the City of London and are not honored and burdened with the direction of world trade and finance for which we are not yet fully equipped.

(5) In completing this rough sketch, I have to add a note of warning about the great difficulties besetting this new course of action. Britain must make trade agreements with her European partners, agreements which she has been very slow in entering. There are many reasons for this. We, the United States, should try to avoid bidding up the prices of raw materials which Britain needs. The international political climate would have to be favorable to make this possible. Not only we, but also many other countries, especially in Europe, must lower tariffs and avoid opposite developments.

Another important way to help our friends and help ourselves would be increased investment abroad. Here you can see the enormous difficulty under which the Western World labors. It was Russian influence which brought the infamous United Nations resolution that all countries may nationalize, at any time, foreign enterprises. How could western civilization have been carried all over the world if such a narrow-minded concept would have been in effect in the last 200 years?

The above outline has been prepared to show in the rough the great possibilities of a freer world trade if we can achieve convertibility of the weaker currencies of other countries, especially of Britain, into dollars and vice versa. I have also tried to show how difficult to achieve this goal might be and that our efforts will be strongly affected by the developments of world politics in general and American economics in particular. I wish to add one more thought here. It is obvious that an American depression must be avoided by all possible legitimate means not only for the good of this country, but also for the good of the rest of the democratic world. Or it might happen again that we help Britain and the other friendly countries to throw away their financial crutches only to have to furnish new ones again.

*Paper presented by Mr. Hesz at a joint meeting of the American Association of University Women and Members of the Women's Voters League, Birmingham, Mich., April 16, 1953.

The World Fund and Convertible Currencies

By IVAR ROOTH*

Chairman and Managing Director, International Monetary Fund

After describing difficulties and problems faced by the International Monetary Fund since its organization, Mr. Rooth expresses view the Bretton Woods institution is prepared to operate on a much larger scale as soon as it is satisfied that its resources will be employed in manner originally contemplated. Foresees widespread currency convertibility in offing, and stresses importance of change in U. S. commercial policy to end dollar gap.

The International Monetary Fund was planned for a world of currency convertibility and liberal trade. It is well that it was so planned. The Fund was established as an institution, not merely for a transitional period after the war, but for a long time ahead, and it would have been tragic if its founders had accepted and planned for a world of continuing exchange restrictions and discriminatory exchange practices.

Ivar Rooth

As we all know, the postwar period has not developed as the founders of the Monetary Fund had hoped. In 1944, high hopes were held for the "One World" which would follow the war—one world in which all nations would live in peace and devote the resources formerly wasted in war to raising the standards of human well-being. Our postwar disappointments in the monetary field are but one facet—and a minor one — of this greater disappointment.

The monetary problems of most of the members of the Fund have been intensified by the disappointment of their hope of living in peace with the Communist world. This disappointment has greatly increased their need for defense expenditures and has done this at a time when their resources are urgently needed for peaceful purposes. It has also disrupted the East-West trade which was so important for prewar Europe and Asia. The disruption of East-West trade has increased the dependence of non-dollar countries on dollar sources of supply, while the increase in defense expenditures has lessened their ability to earn dollars.

The Fund was established primarily to administer a code of fair and liberal exchange practices and to assist countries in following these practices by providing them with needed currencies to meet *temporary* disequilibria in their balances of payments. They would thus have time to correct these disequilibria without resorting to restrictions which, if their use were widely extended could benefit no one. But, in the postwar situation, most of the trade deficits have not been "temporary." They have instead been of such a character that they were not likely to be corrected during any period in which it would have been reasonable to finance them by allowing access to the Fund's resources.

This would probably have been true in any event during the first few years after the war, while the war-ravaged countries rebuilt their productive facilities, replenished their stocks, and reestablished their trade connections. Provision for such an inevitable transition period was made by the United States and Canadian loans to Great Britain, and by the Export-Import Bank and International Bank loans for the reconstruction of the principal European countries. The Fund itself played an active, though modest, role during this period, and in 1947 allowed its members to draw nearly $500 million from it. But the disappointing character of the postwar world, to which I have already referred, prolonged the transition period far beyond the time when these credits were exhausted.

Choices of the Fund

The fundamental difference between the temporary type of trade deficit which the Fund was mainly intended to finance and those which were actually occurring at the end of this first "transition period" (during 1947 and the first part of 1948) was the most important challenge which the Fund has had to meet in the postwar period. Three basic types of response to this challenge were possible.

First, the Fund might have closed its eyes to the real character of the financial problems of its members, and allowed them to use its resources to meet a continuing drain on their monetary reserves. If we had followed this course, the resources of the Fund would long before now have become frozen in inconvertible currencies. The Fund would have lost most of its power to play a constructive role in world affairs —yet the goal of currency convertibility and liberal trade would not have been achieved.

The second possible type of response for the Fund would have been that of complete defeatism. We might have concluded that the Fund was planned to play a role in a different and better world, and that it would have no part of the shrunken and poorer one in which it found itself. The Fund might thereupon have returned its resources to its subscribers and wound up its affairs.

Either of these responses would have been disappointing to our founders who conceived the Fund as a living institution, able to adapt itself to the world as it found it and to strive to make that world a better one.

Fortunately, the Fund followed a middle way—a third type of response avoiding both of the unpleasant alternatives which I have just outlined. This was made possible by the generous and far-sighted action of the United States Government in launching the Marshall Aid Plan. With the help of this aid, the European countries have been able, not only to complete the restoration of their productive capacity, but to raise

*An address by Mr. Rooth at the Annual Meeting of the Bankers Association for Foreign Trade, Boca Raton, Fla., April 22, 1953.

it substantially above what it was before the war. This increase in productive capacity has paved the way for the establishment, after the necessary adjustments in the patterns of trade have been completed, of a viable system of world payments.

At an early stage in the development of the Marshall Plan it was agreed that, during its continuance, the member countries of the Fund receiving Marshall assistance would draw upon the Fund only in extraordinary circumstances. This meant that the resources held in the Fund were conserved for a later period when it might reasonably be expected that steps toward convertibility could be taken and new drawings on the Fund would be reversed after a reasonable interval and the revolving character of the Fund maintained. As a consequence of this decision, drawings on the Fund, which had amounted to nearly $560 million in 1947, declined to a little over $200 million in 1948, and to about $100 million in 1949; in 1950, there were no drawings at all. Since 1950, drawings have again been rising, and amounted to about $85 million in 1952. A new procedure, of which two members have already availed themselves, has recently been developed to make stand-by credits available to countries that expect to run into temporary balance-of-payments difficulties.

Period of Low Transactions-Volume

During this period of low transactions-volume, the Fund has, nevertheless, been active in its relations with its members in the fields of exchange rate adjustments, the relaxation of exchange restrictions and technical assistance. It has also advised members which are suffering continuing external deficits to adopt domestic monetary and budgetary policies which will enable them to achieve balance-of-payments equilibrium. In the meantime, the resources of the Fund have been conserved; and the Fund now holds about $3¼ billion in gold and United States and Canadian dollars.

Some observers have ventured to make long-term forecasts of the future transactions-activity of the Fund by projecting into the future its volume of transactions during the past few years. This method of forecast is extremely short-sighted. I can assure you that the Fund is prepared to operate on a much larger scale as soon as it is satisfied that its resources will be employed in the revolving manner contemplated in the Fund Agreement. And I believe that the time when this will be possible is now fast approaching.

Obstacles to a Balanced Situation

In order to explain my optimism, I should like to say something more about the obstacles which have prevented the establishment thus far of a situation such as I have just envisaged. By this I mean one in which monetary reserves—both those held by individual countries and those held by the Fund—could be used with a reasonable assurance that they would be performing their proper function of financing *swings* in trade balances and would not be merely financing continuing trade deficits.

There have been two main obstacles to the establishment of such a world. One of these can be seen in the trade figures. It is the chronic imbalance in payments between the dollar and the nondollar areas—the so-called "dollar gap." The other obstacle—not less important—lies in the realm of the mind. During much of the postwar period, many of the countries of the world did not want a liberal-trading world governed primarily by the criteria of the market place. They thought that perhaps the interests of the common man might be better served—and full employment assured—by a world where continuing internal inflationary pressures were offset by continuing external trade and exchange restrictions. They were hesitant, therefore, to take the steps necessary to assure external balance.

The seriousness of each of these obstacles has greatly diminished in recent years. The dollar gap has narrowed. At the same time, the unfortunate consequences of underrating the significance of the market mechanism have been driven home by hard experience in many countries of the Free World. They have come to believe that this mechanism can provide the good things of life for their people more freely than they can be provided by economies strictly planned internally and heavily restricted externally.

At its high in 1947, the dollar gap was about $11 billion; by 1952, it had been reduced to about $1½ billion. The dollar gap is a complex concept. The figures which I have just cited are those used in a special article in the April issue of our monthly bulletin, "International Financial Statistics" (page ii). In the computations used in this article, private donations, private capital movements, and certain official financing transactions are omitted. Different methods of estimate of the gap are possible. Each would show different absolute amounts, but they would all agree in showing a great decrease in the past few years.

The nondollar world is now closer to standing on its own feet than at any time since the end of the war. The figures for the realized gap are a little larger now than immediately after the outbreak in Korea, but they are not based on an ephemeral commodity boom now as they were then. The competitive position of the nondollar world is stronger and its excessive reliance on U. S. goods has decreased. These are significant facts. But we should not read too much into them. The reduction in the size of the gap has required much effort. In the nature of the case, each additional billion dollar reduction is harder to achieve than was the previous one. The last billion dollars is the hardest of all. They tell me that, in your American game of football, the last yard to the goal line is the hardest.

Also, continuing the analogy with football, the ball might sometimes be pushed back a little. The great reduction in the size of the gap in recent years has been achieved with the aid of a continuing period of prosperity in the United States. Even a minor recession in the United States, with an associated decline in private inventories, would hurt many countries of the world much more than proportionately. For example, a 3 to 5% decline in the Gross National Product of the United States might cut its imports of some raw materials by 50%, or even more, during its first year—that is until U. S. stocks had run down. Such a decline would set back very materially the progress of the raw material countries toward monetary equilibrium.

In the long run, no doubt, such a setback could be overcome by proper policies in both surplus and deficit countries — together with help from the Fund, to which I believe the deficit countries would be entitled under the circumstances. But I want to emphasize that the maintenance of economic stability in the United States is not merely a matter of concern to your own people. It is a matter of vital concern to the whole Free World.

Closely related to this is the interest of the Free World in the stockpiling policies of the United States. It is in the interest of the United States, as well as in that of the rest of the world, that your stockpiling policies should be formulated with sympathetic consideration for the economic and social problems of the raw-material-producing countries. Differences in policies which mean little to you can mean for some of them the difference between prosperity and depression, order and disorder, trade—perhaps even orientation—toward the East or toward the West.

U. S. Commercial Policy

From a practical point of view, it is also necessary in relation to these problems to place a good deal of emphasis on the commercial policy of the United States. Experience has shown that the internal prosperity of the United States is much more important in determining the level of its imports than is its commercial policy. But commercial policy is also important. The U. S. tariff wall has been lowered substantially since the beginning of the Reciprocal Trade Agreements program in 1934. But the tariffs on many goods are still high, and the administration of the law is very complex. This cuts off many imports which would be welcome to the consumer in this country and which would provide badly needed dollars to the rest of the world.

Probably even more important obstacles to the achievement of balanced trade are the so-called "escape" and "peril point" clauses. These place foreign enterprises considering an attempt to increase materially their sales in the United States or to "break into the American market" on notice that, if they succeed in doing this, the tariff wall may be raised enough to reduce their success to nominal proportions. When, as is often the case, large-scale expenditures, including those for advertising, are necessary to develop a market in the United States and to build up the facilities to serve it, these obstacles may by themselves be sufficient to ensure that the attempt will not be made. The "Buy American" Act which sometimes bars from the U. S. market products that are competitive in even the strictest sense has a similarly discouraging effect.

In the long run—and, even, in the not-so-long run — foreigners can buy no more from the United States than they can pay for with the dollars they are currently receiving. Most of these dollars come from U. S. imports, expenditures of U. S. tourists abroad, U. S. purchases of foreign services, especially shipping, net new U. S. investment abroad, private aid and remittances, and aid from the United States Government. The dollars are spent chiefly to purchase U. S. exports, to purchase some U. S. services, and to meet the net amounts due to the United States on account of investment income. If the supply of dollars declines, foreign purchases from the United States must decline also. Therefore, unless we assume an indefinite continuation of U. S. economic aid, U. S. trade obstacles must shut off the market for an amount of U. S. exports—including, of course, those of agricultural commodities such as cotton, wheat and tobacco—equivalent in value to that of the imports which they bar, and so can have little net effect on U. S. employment.

While, as I have already stated, U. S. internal prosperity is more important than U. S. commercial policy in determining the level of U. S. imports, a liberalized commercial policy would help to narrow the gap and might close it. It would, furthermore, provide a fresh stimulus to U. S. investment abroad and so contribute to another of the elements helping to narrow the gap.

Return to Free Markets

The improvement in the trade figures to which I have already referred has been accompanied—and, in large part, it has been brought about—by a change in the popular attitude toward the function of the market place. This change has been evident in many countries of the Free World. Country after country has become surfeited with rationing at home and restrictionism at its borders, and has taken steps — principally through monetary and budgetary policies—to put its economy in order at home and to redress its imbalance abroad. These steps have been attended with a large measure of success. I need only cite the cases of the Netherlands, Western Germany, and Denmark, for example, and, more recently, of Great Britain in improving their external positions through vigorous internal measures. Belgium, which took the necessary steps early, has long had a very strong position. The phrase "trade, not aid" is more than a slogan. It reflects the desire of one country after another to stand on its own feet without the support of economic aid from abroad or hampering restrictions on its own people.

Now, nearly eight years after V-E Day, most countries of the Free World have repaired the devastation wrought by the war and their industrial production has advanced to new highs. The dollar gap has been reduced to small dimensions and most countries are striving to reduce it yet further. The time for widespread currency convertibility is no longer in the distant future. While many obstacles may sometimes slow down our progress toward this goal, it should still be made the focus of our present efforts. The Fund has been able to make some contribution to the progress which has thus far been made. It stands ready to make a much larger contribution to the world which lies ahead.

Barrett Herrick Opens Kansas City Office

KANSAS CITY, Mo. — Barrett Herrick & Co., Inc., have opened a branch office at 1016 Baltimore Avenue, under the management of Edward F. Pitlinga. Mr. Pitlinga was formerly with Gonder, Kelly & Co. and was Assistant Secretary and Assistant Treasurer of Barrett Herrick & Co. in the New York office.

M. H. Thompson will be associated with the new branch as cashier.

Cyrus Polley Joins John C. Legg Co.

John C. Legg & Company announced that Cyrus H. Polley has become associated with the firm, in the New York office, 76 Beaver Street. Mr. Polley has recently been associated with Terry & Company in the trading department. Prior thereto he was with Coffin, Betz & Co. in Philadelphia.

Hatch With King Merritt

(Special to THE FINANCIAL CHRONICLE)

SHERBORN, Mass. — Paul W. Hatch has become associated with King Merritt & Co., Inc. He was formerly District Manager for Edward E. Mathews Co. of Boston.

THE MARKET . . . AND YOU

By WALLACE STREETE

The best rally in six weeks has given the bulls their inning during the past week and a half. The losses of the past months were regained in eight sessions in a recovery that cancelled one-third of the March-April decline. Traders who like to buy when things look too easy for amateur short sellers probably turned the tide, while some investors were encouraged by the decreased volume on the market in the late phase of the Apirl decline.

* * *

The market acted like a spoiled child during the first four months of the year. It got most of the things it had been wanting but it still misbehaved. If most people had written a list of items they most wanted to see in the newspapers in 1953 the top ones would probably have been: the obituaries of some Communist leaders—a cut in government expenses—a decline in the cost of living—a strong leadership in Washington—and the hope of lower taxes. Yet in the first four months of the year the market sold 4½% lower than it had been at the end of 1952.

* * *

Reaction to Surprise News

In declining on surprise news such as the Russian peace gestures, the market did what it usually does when it is puzzled. There have been many cases of unpredictable news in market history and almost always prices have moved lower first and then recovered at least 70% of the losses. In most of the cases all of the decline was cancelled.

* * *

At the low point in April there were several more favorable factors in the market picture. We had a good correction of the 30 point October to January rally. Six months ago the market had reached its pre-election lows and was starting a sharp rally so most of the people who wanted to hold for six months and one day in order to establish long-term gains have been able to do so. As usual, the sharpness of the decline forced out many emotional trend followers while amateur traders even jumped up their short-selling in odd lots. Technical studies revealed an oversold condition which 80% of the time has lead to rallies.

* * *

Over the past 56 years the market has almost always shown a good rally from its May-June lows to its July-August highs. This, in conjunction with an oversold condition during April and the chance that the Excess Profits Tax will be allowed to expire in June, should improve the outlook for coming weeks.

* * *

Selective Resistance

During the recent decline there was resistance especially in stocks that will benefit from lower commodity prices. The depressed lower priced shares also behaved well as if to say "me too." Apparently, they would like to have their day in the sun before the big show is over.

* * *

Only one group of stocks was able to make a new high in April. That was corn-refining which of course is a good example of an industry that prefers lower commodity prices. The high of this group was made during the week when the general market made its low. Several others refused to join the general market in going to new 1953 lows. Such resistance to selling is usually an indication that investors prefer to retain those groups in their portfolios or that others wanted to add them to their holdings.

* * *

Representative of the resistant groups during the recent decline are American Sugar, Anchor Hocking Glass, Cluett Peabody, Continental Baking, Continental Can, Corn Products, Ex-Cell-O, General Foods, Great Western Sugar, Hershey Chocolate, Dome Mines, Lone Star Cement, McCalls, Melville Shoe, National Biscuit, National Dairy, Pepsi Cola, Pfeiffer Brewing, Reynolds Tobacco, Safeway Stores, Swift, Westinghouse Airbrake and York Corp. A diversified list of such issues should fare well in periods of market strength.

* * *

Regardless of what one may think of the Dow Theory, and in spite of the fact that it has lost some of its followers in recent years, it may be wise to brush upon its fine points. After a three and a half year bull market it could again have psychological influence. Back in 1946 the SEC investigated trading to see why the stock market declined so sharply. The best reason they could find was that the Dow Theory had given a bear market signal and that people tumbled ower each other in the rush to sell. Many of them did so simply because they expected other people would lighten holdings.

* * *

If the market now has a rally lasting at least three weeks during which both the rails and industrials do not make new bull market peaks, and if after such a rally both of these averages decline under the lows made prior to that rally, this theory would indicate a bear market. It is comforting to have such a marker point so one can weigh his possible losses against the chances of unknown profits.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

COMING EVENTS

In Investment Field

May 6-9, 1953 (San Antonio, Tex.)
Texas Group Investment Bankers Association of America Spring Meeting at the Fort Clark Ranch, Brackettville, Texas.

May 8, 1953 (New York City)
Security Traders Association of New York dinner at the Waldorf-Astoria.

May 11-13, 1953 (St. Louis, Mo.)
Association of Stock Exchange Firms Board of Governors Meeting.

May 13-16, 1953 (White Sulphur Springs, W. Va.)
Investment Bankers Association of America Spring meeting at the Greenbrier Hotel.

May 15, 1953 (Baltimore, Md.)
Baltimore Security Traders Association 18th Annual Spring Outing at the Country Club of Maryland.

May 26, 1953 (New York City)
Cashiers Division of Association of Stock Exchange Firms fifth annual Walter L. Wright Memorial Golf Tournament at the Leewood Golf Club.

May 29, 1953 (Los Angeles, Calif.)
Bond Club of Los Angeles annual field day at the Wilshire Country Club.

June 1, 1953 (Chicago, Ill.)
Midwest Stock Exchange Annual Election.

June 2, 1953 (Detroit, Mich.)
Bond Club of Detroit annual summer golf party at the Meadowbrook Country Club.

June 3-4, 1953 (Minneapolis-St. Paul, Minn.)
Twin City Bond Club annual picnic at the White Bear Yacht Club.

June 5, 1953 (Chicago, Ill.)
Bond Club of Chicago 40th annual field day at the Knollwood Club, Lake Forest.

June 5, 1953 (New York City)
Bond Club of New York Annual Field Day at Sleepy Hollow Country Club.

June 5-7, 1953 (San Fran., Calif.)
San Francisco Security Traders Association Spring Party.

June 9-12, 1953 (Bigwin, Ontario, Canada)
Investment Dealers' Association of Canada Annual Convention, Bigwin Inn, Lake of Bays District.

June 12, 1953 (New York City)
Municipal Bond Club of New York Annual Field Day at the Westchester Country Club and Beach Club, Rye, N. Y.

From Washington Ahead of the News

By CARLISLE BARGERON

Carlisle Bargeron

Rumors of Cabinet resignations are flying thick and fast around Washington. According to the gossip mongers about the only members of the President's official family who are safe and secure are his Attorney General, Herbert Brownell; Secretary of the Treasury Humphrey and the Health Secretary, Mrs. Oveta Culp Hobby. At one time or another the President is said to have been displeased with Defense Secretary Wilson and Secretaries Dulles, Weeks, Benson, McKay and Durkin, although not necessarily in the order named.

So far as this writer can ascertain there is no substance to any of the rumors. All of these gentlemen, it seems, are victims of an unusual situation whereby the Republicans won the election but Washington bureaucracy and the Washington newspaper corps are still heavily Democratic. This is not true of Labor Secretary Durkin whose real job is to give his department a conservative administration and it is still a little difficult for him to realize it. He seems to have gone out of his way recently to court trouble with Senator Taft when he divested the labor solicitor's office of a lot of its authority and turned it over to his personal appointee, Lloyd A. Mashburn, Under Secretary. Taft had had considerable to do with the naming of Harry N. Routzohn, former Ohio Congressman, as solicitor who, subsequently, announced a revamping of the office to give a more conservative administration to the laws governing wages and working conditions which must be applied by contractors having government contracts. Heretofore, the labor organizations have really administered these laws. Their administration was removed from Routzohn a few weeks after he took office and he died a few days after that. Mashburn, to whom the administration of these laws has been given is a former official of the A. F. of L. building and construction trades in California. Durkin's action has not improved his relations with Senator Taft.

But the other gentlemen seem to be going their conservative way and this is shocking to those who do not accept the results of last November's election. To listen to the organized scientists who have come to consider themselves sacrosanct, and different from the rest of us and to whom the same laws should not apply, since they developed the atomic bomb, Sinclair Weeks did a most reprehensible thing when he fired the head of the Bureau of Standards. Admittedly it would have made for better public relations had Weeks just fired him and not tied the dismissal in with a battery additive. It is no secret, however, that Weeks, a self-righteous, conservative New Englander, is no great shakes as a handshaker or a cultivator of public opinion. He sees his duty and he does it. It is a fact, too, that there was no way in which he could have gotten rid of the Bureau of Standards head that would have been satisfactory to the scientists. They have come to have a greater lobby than the school teachers and educators and that is saying a lot.

Secretary Benson seems to have ridden out the storm which attended falling farm prices. Indeed, a striking number of farm organizations and farm leaders have come to his support. Mr. McKay will continue to be the target of the "liberals" because of what they call the Administration's program of "giving away our natural resources." This policy of arresting the growth of Federal bureaucracy is the Administration's; it is not personal to Mr. McKay.

Mr. Eisenhower did give the impression on one occasion of having been nettled by Secretary of Defense Wilson's statement that the size of the military was to be cut down but he seems now to have come around to this view. We are to have, we are told, a better military for less money. Secretary Dulles seems to have inherited the general popular dissatisfaction over the way our foreign affairs are being conducted and the indications are that additional gray hairs are being added to his weary head.

But the rumors that the axe is about to fall on any of these heads, is, I am convinced, wishful thinking of those who are not friends of the Administration. It is the wishful thinking of those who can't get over the fact that the long, crazy reign of the New Deal is over, at least temporarily. It will take considerable time to bring this realization about.

Halsey, Stuart Group Offers Utility Bonds

Halsey, Stuart & Co. Inc. heads a group of underwriters offering $8,000,000 Wisconsin Public Service Corp. first mortgage bonds, series due May 1, 1983, 4⅛%, at 102.172% and accrued interest. The group was awarded the bonds on its bid of 101.619%.

Proceeds from the sale of the bonds, and from the sale of 30,000 shares of preferred stock, 5.04% series, are to be applied to the payment of $6,300,000 short-term bank loans incurred to finance additions, betterments and extensions to the properties of the company and the balance will be used to finance part of the 1953 construction program.

The bonds are redeemable at prices ranging from 105.18% to 100% or, if redeemed by operation of the sinking fund which begins in 1956, at prices ranging from 102.06% to 100%.

Wisconsin Public Service Corporation furnishes electricity and gas in a territory of approximately 10,000 square miles in north central and northeastern Wisconsin and an adjacent part of Michigan. Among the principal cities served are Green Bay, Sheboygan, Oshkosh and Wausau.

Miss Rabinowitz With Fewel & Co. in L. A.

LOS ANGELES, Calif. — Miss Mona Rabinowitz is now working for Fewel & Co., 452 South Spring Street, member of the Los Angeles Stock Exchange, assisting George Earnest in the trading department.

Let's Not Talk Ourselves Into Depression

By LEON H. KEYSERLING*

Former Chairman, Council of Economic Advisers

Asserting our economy is strong, and important measures to limit severe down swings have been built into the economic system, Truman Administration's economic adviser predicts cuts in military budget will be readily absorbed without damage to prosperity. Decries "hard money policy" as inflation weapon, but doubts it will bring on deflation. Advocates tax reductions in advance of cuts in government spending, and holds encouraging industry by lower taxes can lead to higher revenues and balanced budget.

Recently, an acquaintance of mine met me in a restaurant and asked how I felt about our economic future. I replied that I thought conditions were going to be good. He said he hoped I was wrong, because if hard times come, there would be a better chance for the Democrats to win the next election. This sentiment shocked me, just as it would shock any thoughtful and responsible member of the Democratic Party. Sustained American prosperity is vital to our own people and to the whole free world. No sober citizen could desire an interruption of that prosperity for personal or partisan reasons. The great things which unite us all as Americans should always take precedence over the smaller things which divide us, as we all pull together in the common cause.

Leon Keyserling

It is true that important measures to limit severe down swings of the business cycle were built into our economic system during two decades of Democratic Administrations. But these measures, still in effect, are nobody's monopoly; they are the common heritage of all. While it is too early to judge the economic policies of the new Administration, it seems clear to me that both Republicans and Democrats recognize the worth of these stabilizers which have been built into our economy. I believe that the new Administration will strive as those entrusted with responsibility always should, to retain what experience shows to be sound, to slough off what experience shows to be undesirable, and to devise new approaches to new problems. This is what progress under freedom means. Nothing could be more dangerous than to have any important part of the American people—whether businessmen, workers, farmers or consumers—believe that a depression is inevitable because a new Administration has assumed responsibility. That feeling, if it prevailed, could do much to cause a depression, for reasons I shall state shortly.

Looks for Better Business in Coming Years

Early in 1952, I said that economic conditions would be even better in 1953. A majority of forecasters disagreed with this viewpoint. But thus far, it has been supported by actual developments. I still believe that when this year is completed, it will show a higher level of employment, business activity, consumer enjoyments, and real incomes than last year.

There are some who feel that, even if this be true for 1953 as a whole, there will be a business downturn in the latter part of the year. This can happen if we get resigned to it; it need not happen if we work to prevent it. And even if it should happen, I would expect any such downturn to be relatively shallow and short, rather than the start of a general depression. Some ups and downs may come. But I expect the three years 1954-56 to average a considerably higher level of economic activity and general prosperity than the three very good years 1951-53, corresponding to our growth in population and our advancing technology.

These are my general conclusions. I can best state my reasons by discussing one by one the arguments of those who feel differently—who feel that hard times are unavoidable.

The most prevalent argument I have heard is that the prosperity boom has continued for so many years that it must be near its end. This argument is just as fallacious as the argument that a man who has been walking without falling down for ten years is more likely to fall down tomorrow than a baby who has been walking without falling down for only one year. The test of whether a depression is likely is not how long it is since the last one occurred, but rather how strong the economy is now.

The Economy Is Strong Now

And the economy is very strong now. There has been general price stability for a long time, which is good. Employment and production have risen to new peaks without rising prices, proving that we can have full prosperity without inflation. Business investment is higher than last year, and this represents the judgment of businessmen all over the country that there will be markets for their products. Measured in uniform dollars, consumers are spending almost $30 billion a year more now than in 1948—a year which some thought would be the high water mark of our prosperity for some time to come—and they are also saving more. Wages are high, and should continue to rise as fast as productivity increases but not faster, thus steering a safe course between inflation and deflation. The supply of money and credit is ample, but not excessive relative to the size of the economy. The trend of farm income is not favorable, but I believe that this weakness can be remedied before it has any serious effects upon the whole economy.

So, by almost any established test, the economy is in stronger position now than at almost any time one might select in the past. To argue that the economy as a whole is vulnerable, just because it is strong in almost every segment, seems to me to border upon superstition.

The second argument of those who predict prolonged hard times is that government spending is going to be reduced. President Eisenhower has recently declared the objective of cutting the budget for the next fiscal year by about $8½ billion below that recommended by President Truman in January of this year. This would mean a cut of about $4½ billion in the actual level of spending. I shall not discuss now whether the particular cuts intended represent a wise use of our resources either at home or abroad. But the belief that the $360 billion American economy cannot continue to advance despite a $4½ billion cut in Federal spending, flies in the face of reason and experience. Certainly this fear should not emanate from those, within a portion of the business community, who have been arguing that only a cut in Federal spending can keep our economy safe and sound.

Between 1944 and 1946, Federal spending was cut by about $100 billion at an annual rate, measured in current prices. Yet our strong and vital nation found ways to use its great productive power. Those who had confidently predicted a postwar depression turned out to be wrong. If a $100 billion cut did not damage the smaller economy of 1946, why could not a $4½ billion cut be absorbed without damage in the larger economy of today and tomorrow?

Some people say that the situation now is different from right after World War II, when there were war-created shortages and backlogs of demand. But the high and expanding level of civilian demand as late as 1950, and the still higher level today, have not been due mainly to war-created shortages or backlogs. People today are not seriously short on clothes or housing or recreation or the other things they are spending money for. Our sustained high level prosperity is due to more permanent factors in the economy, including better private and public economic policies than we had many years ago.

Business and labor understand better how our economy works. They are achieving a better economic balance of wages and profits than many years ago. They realize that business must earn good profits to expand productive facilities, and that labor must earn good wages to help buy the full product. The wants of a great and free people are limitless. We need only to increase consumption with the increase of productive power, and thus maintain an expanding prosperity. Public policies are also better suited to maintain stability and prosperity than many years ago. Aside from details, this is accepted by Republicans and Democrats alike. It is an asset of the entire nation.

The Administration's Hard Money Policy

The third reason for some people's belief that hard times are near is the so-called hard money policy of the new Administration, which is pushing interest rates moderately upward. Two years ago I questioned whether moderately higher interest rates would affect the economy enough to curb inflation, and I still think that inflation disappeared mainly due to other causes. By the same token, I do not think that moderate increases in interest rates can bring on a real deflation. Although I do not favor the policy, I believe that those who are thrown into a state of depressionary fear and alarm by it are exaggerating its influence. Further, I think that the new Administration wants to use monetary policy for stabilization purposes, and would modify the new interest rate policy if it appeared to have a deflationary impact.

Tax reduction can also be used to provide the people with more spending power, if and when Government spending declines. The prospect of a reduction in Government buying has a psychological effect on business even before the reductions actually occur. On the other hand, the prospect of tax reductions do not favorably affect the psychology of business or consumers until the reductions actually occur. It therefore seems to me that the right kind of tax reduction in moderation should be timed to occur slightly before, rather than subsequent to, the actual reduction in Federal spending. In saying this, I do not mean that I do not favor a balanced budget. If tax policy is used along with other policies to encourage the private economy to grow and prosper without serious recessionary interruptions, it will be easier to get enough revenues to balance the budget without excessive taxation.

I hope that my optimism will not be mistaken for over-confidence. We could have a serious economic setback, if businessmen yielded to the fear of depression and cut back investment programs based upon confidence in our expansion opportunities; if consumers became frightened and saved excessively rather than prudently; if profits and wages were not kept in balance to create growing markets for new products; if the agricultural problem did not receive the increasing attention which it deserves; or if Government waited until a depression started before acting, instead of constantly following a vigorous affirmative course, based upon the fact that it is easier and better to maintain prosperity than to regain ground after we start slipping.

Prospects of American Economy Are Bright

But with reasoned confidence in our economic future, with application of intelligence to the ever-improved solution of problems as we go along, with persistent efforts toward goodwill and cooperation among the various economic groups in our free society, and with recognition by all the people that those entrusted with public responsibility are sincerely trying to do their best and will probably do well enough if the people whom they serve deal fairly with them, it seems to me that the prospects for the American economy are bright indeed. It would be an enormous mistake for us to engineer a depression by clinging stubbornly to the myth that such an event is decreed by natural law.

One additional thought: I believe that the American economy can continue its timeless progress, but that in the long run our future as a free people will depend on the increasing strength and well-being of free peoples throughout the world. The course of history for 40 years has so affected the economic resources of the free world that the United States must continue for a time to place a costly sacrifice upon the altar of world freedom. Today, most people are talking about how much we can safely reduce the expenditures representing this sacrifice without starting a depression. The far more important question is how much—if at all—we can afford to reduce the expenditures representing this sacrifice without endangering our world alliances and our world security. This issue, rather than the likelihood of a depression at home, is the most critical one still confronting the American people. It is the issue that calls for all our wisdom, foresight, patience, practical generosity and fearless attention.

*An address by Mr. Keyserling over Radio Station WCFM, Washington, D. C., May 5, 1953.

Wings for World Trade

By R. S. DAMON*
President, Trans World Airlines, Inc.

Stressing airplane as most potent instrument for promoting peace and goodwill through travel and trade, executive of leading air transportation service points out transocean air transportation is as frequent and as commonplace as domestic rail travel. Says U. S. is leader in air transportation, and competition in the business has led to more efficient operation. Holds interocean air freight transportation is economical and feasible, and urges change in U. S. commercial policies to expand international trade.

Ever since the early Phoenicians, changes have been taking place in transportation, and each change in transportation has meant changes in trade and in civilization. In fact, almost every great historical movement can be traced to some development in transportation or trade which in turn brought about changed political and social forces. Usually these changes have taken place so gradually that they could be detected only in the light of history. None of them has ever accomplished such tremendous effects as the airplane has wrought in a very short span of years.

Ralph S. Damon

International air transportation within Europe and contiguous areas began immediately after World War I. However, at that stage, international flying was limited primarily to crossing land frontiers. Flying across oceans such as the Atlantic and Pacific had to await the development of the modern four-motored airplane.

It will be just 26 years next month since Lindbergh's flight across the Atlantic alone in a single-engine Ryan monoplane. Commercial trans-Atlantic operations began on a limited basis late in 1939, just as the war started in Europe. During the war there were thousands of trans-Atlantic crossings, but not under normal commercial conditions. The actual business of carrying passengers, freight and mail across the Atlantic on a commercial scale with land-type airplanes did not begin until the end of World War II. Thus, trans-Atlantic air transportation as we know it today is just about eight years old.

Plane Crossing of Atlantic Now Commonplace

In that short space of eight years, crossing the Atlantic by air has become as commonplace as flying to Chicago or Washington was about 10 or 15 years ago.

In fact, passengers, freight or mail can travel by air from New York to London or Paris today more quickly than they can go from New York to Chicago by train. The flying time from New York to London is about 12 hours, and from New York to Paris about 13 hours. The fastest passenger train from New York to Chicago requires 16 hours and 30 minutes.

Actually, the frequency of air service across the Atlantic is about the same as the frequency of train service between New York and Chicago. During the peak of the season this summer, we expect that there will be approximately 23 flights per day each way across the North Atlantic between this continent and Europe. This is the number of flights which will be operated by all of the 11 U. S. and foreign airlines serving the area.

TWA alone will be operating five passenger flights in each direction daily during the summer of 1953. It is interesting to realize that these five daily flights of TWA alone will carry about as many passengers as the combined sailings of the Queen Mary and the Queen Elizabeth.

During 1953, we expect that about 520,000 passengers will cross the Atlantic by air and 850,000 by sea. Of the air passengers, about 51% will travel on the airlines of the United States.

I have devoted some time to describing the trans-Atlantic air traffic simply because the Atlantic was the last great ocean barrier to be spanned by air service. As of today, U. S. flag international airlines operate over some 205,000 miles of routes, reaching every continent and every major country on the globe except those behind the Iron Curtain. For the past three years, more passengers have entered and departed the U. S. annually by air than by sea from all originations.

In the year 1952 the airlines of the world (outside the Iron Curtain) transported some 45 million passengers a total of 24½ billion passenger miles. About two-thirds of these passenger miles were transported on airlines operated under the American flag. More than 80% of the operations were conducted with airplanes built in the United States and according to operating methods developed in the United States.

Included in the figures I have just given you were some 12 billion passenger miles of travel on domestic airlines entirely within the United States—almost half of the world's total.

In 1952 the international airlines operating under the U. S. flag carried some three billion passenger miles, 27 million ton-miles of mail, and 74 million ton-miles of freight and express. As compared with 1946, passenger traffic almost tripled, mail traffic increased four times, and freight traffic five times.

U. S. Leadership in Air Transportation

As of today, the United States has unquestioned world leadership in air transportation and in the manufacture of airplanes both military and civil. This was not always true—in fact, although the airplane was invented in the United States 50 years ago, for about the first 25 years our country was a laggard in civil aviation. Commercial airlines began in Europe, with the active support of European governments, almost 10 years before there were any real airlines in the United States. The U. S. pre-eminence has developed only within the last 15 years.

There are many reasons why this change has come about, and certainly World War II had a great deal to do with it. However, I believe that the most important single factor was the decision reached by the United States Government 15 years ago that its airlines should be conducted under private competitive management.

Prior to that time, the airlines had been private contractors to the Post Office Department for a number of years; and practically all of the international routes of the United States were operated by a single company.

In the Civil Aeronautics Act of 1938, which is still the basic legislation regulating airlines, Congress expressed the policy that the airlines of the United States should be privately owned and operated, subject to regulation, and that there should be "competition to the extent necessary to assure the sound development of an air transportation system properly adapted to the needs of the foreign and domestic commerce of the United States, of the postal service and of the national defense."

The company which had enjoyed the monopoly of international air transportation naturally did not welcome competition, and for several years there was an intense struggle to have this policy of Congress reversed, either by regulation or by legislation. To this day, so-called "chosen instrument" bills are presented in each session of Congress with the aim of re-establishing the monopoly.

However, the Civil Aeronautics Board has granted competitive certificates to United States airlines over all the major air routes crossing the Atlantic, the Pacific and the Caribbean. After a seven-year trial period in the Atlantic, the Civil Aeronautics Board and the President just last summer confirmed the policy by granting TWA permanent certificates to certain important points in Europe and renewing for another seven years its operating rights to other points in Europe, Africa and Asia. Although the "chosen instrument" philosophy still has some adherents, they are in the distinct minority.

Savings From Competition

Under the stimulus of competition, the U. S. flag airlines have come to be recognized as the world's standard for courtesy, service, safety and reliability. At the same time, they have achieved steady progress in efficiency.

Since competitive trans-Atlantic air service began in 1946, the cost of producing a revenue ton-mile of transportation has decreased 32%. I am proud to say that after the inaugural period, TWA has been the leader in reducing costs, and for each of the last four years its cost per ton-mile has been the lowest.

During the entire seven-year period through 1952, TWA has carried U. S. mail for 27% less per ton-mile than its nearest competitor.

The savings through competitive efficiency have been passed on not only to the Post Office but also to the passenger and the shipper of freight. Notwithstanding the continual inflation which has about doubled the price of everything else you buy, the price of a first class air ticket from New York to London today is practically the same as in 1939. Last May, TWA inaugurated Sky Tourist trans-Atlantic service, on which the New York-London fare is 27% less than in 1939.

In recent years, American business men have done a great deal of preaching around the world that free competition would be beneficial to trade, and I think the experience of international air traffic solidly demonstrates the merits of this view. I do not know what the policy of your Association is, but I have thought for a long time that we should apply the principles of free competition to our export and import trade. I do not believe that the United States, the most productive nation in the world, should surround itself with a barrier of protective tariffs to keep out foreign goods.

Interocean Air Freight Transportation

So far, I have said a good deal about international airlines, but not much about world trade, which is the subject of your meeting. It is obvious that the availability of fast and economical transportation for passengers, mail and freight is of great advantage in increasing the volume of trade, and I will not elaborate the point.

However, I am sure that you bankers, like everyone else concerned with foreign trade, have spent a good deal of time in recent years worrying about what is called the "dollar gap." This "dollar gap" problem has been with us ever since the United States became a creditor nation at the end of World War I. During the last seven years, our exports have exceeded imports by about $5 billion per year, and most of this unbalance has had to be made up by loans and grants from the American taxpayer.

I have read numerous reports by economic groups proposing means for correcting this trade unbalance, the recommendations running all the way from repealing all our tariffs to blowing up Fort Knox—figuratively speaking. I do not pretend to be an international economist, but I feel sure that elimination of the "dollar gap" will require a lot of actions and take a long time. I am always rather surprised, however, that the importance of tourist travel as a source of dollar earnings for foreign countries is not given more attention by our government and foreign governments.

In 1952, foreign countries earned more than $1 billion from the expenditures of U. S. travelers abroad. This sum of money exceeded the value of any single U. S. import except coffee. Even so, in relation to United States national income, the expenditures of American tourists abroad last year were only about half as high as in the 1930's. Various studies have indicated that at present income levels foreign countries should be able to earn more than $2 billion per year from American tourist travel, or twice as much as now. Although I believe we should reduce our tariffs and do a number of other things to reduce the "dollar gap," I cannot think of any single avenue which promises results so quickly as stimulation of foreign travel.

Before the modern airplane, travel abroad was a luxury which could be afforded only by the well-to-do. The airplane for the first time has brought European travel within the reach of millions of Americans. Almost everyone today has a paid vacation of at least two weeks, and this provides ample time for an air tour through Europe. Also, with the new tourist fares, a vacation in Europe can be taken as cheaply as one in the United States. These days, we find that a preponderance of our trans-Atlantic passengers are housewives, mechanics, secretaries, and bricklayers. The bankers, although very welcome, are in the minority; but with present high taxes, even many of them cannot afford the slower and more expensive means of travel.

The aviation leadership which the United States holds today is threatened by developments abroad. The British Government, in particular, has poured millions of dollars into the construction of new types of airplanes—especially jet airplanes such as the Comet, with which they hope to capture the world market.

The aircraft manufacturers of the United States have had no such government assistance. It is true that our international airlines have received some financial assistance in the form of mail pay, but our government has not invested a penny in the development of commercial transport airplanes. Our manufacturers have taken the risk and produced airplanes which sold themselves on demonstrated economy and efficiency. This last is as it should be.

If the government is not to subsidize the manufacturing industry, however; and if our civil aviation is to maintain leadership, then the international airlines of the United States must be permitted earnings which will permit them to buy new airplanes as the traffic increases and as technological changes occur. This means, above all, that the regulatory agency must permit us a stability of earnings through which we can attract the equity capital needed to expand and keep up with progress. It seems to be in the nature of regulatory agencies that this point has to be emphasized over and over again.

I told you in the beginning that I was enthusiastic about international aviation. I hope that what I have said will lead you to share a little of my enthusiasm. I believe that the airplane is the most potent instrument ever invented for promoting peace and goodwill through travel and trade. Unfortunately, too much of its potential has been used for creating destruction and discord. Nevertheless, I look back on my 35 years in aviation with pleasure and satisfaction. It has been interesting and exciting, and I know that the years ahead will be just as exciting and a whole lot more interesting to bankers.

*An address by Mr. Damon before the Bankers Association for Foreign Trade, Boca Raton, Fla., April 22, 1953.

Offering Underwritten By Blyth Group

Northern Natural Gas Co. is offering to holders of its common stock rights to subscribe at $35.25 per share to 548,100 shares of additional common stock (par $10) at the rate of one share for each five shares held of record on May 5, 1953. Stockholders also have the privilege of subscribing at the same price, subject to allotment, for any shares not taken by exercise of rights and any unsubscribed shares under a concurrent offering to employees. The subscription offer expires at 3:30 p.m. (EDST) May 19, 1953. The offering is being underwritten by a group of investment firms headed by Blyth & Co., Inc.

Proceeds from the sale of the additional common stock and from the proposed sale of $40,000,000 debentures will be used by the company to repay $48,000,000 short term bank loans and to complete construction projects budgeted for 1953. During 1951 and 1952 the company undertook construction of additional property and facilities designed to increase capacity of its system north of Kansas from 600 million cubic feet to 825 million cubic feet per day. Construction costs were estimated to be nearly $70,000,000.

The company owns and operates a pipeline system of approximately 5,872 miles of main, lateral and gathering lines through which it transmits natural gas purchased principally from the Amarillo (Texas Panhandle) and Gugoton (Texas, Oklahoma and Kansas) gas fields to points in Kansas, Nebraska, Iowa, Minnesota and South Dakota where the gas is locally distributed through the company's Peoples Natural Gas division.

On June 11, 1952 the Federal Power Commission issued a rate order which is now being litigated by the company. Earnings shown in the company's income statement for 1952 are without reference to any rate increases applied for except that part granted effective June 11, 1952 and amount to $1.48 per share. Net income for the full period based on the commission's decision is estimated at $2.47 per share and including all the increases claimed by the company is estimated at $3.80 per share.

Standard Oil Company (New Jersey) reports on...

A big job...well in hand

(Highlights from the Annual Report for 1952)

PEOPLE needed more oil in 1952 than ever before, but once again ample supplies were available to meet the demand. An important part of this big job was done by companies in which Standard Oil Company (New Jersey) has investments. These companies expanded their facilities to provide people of many nations with oil to heat and light their homes, fuel their ships and planes and trains, power and lubricate their factories, harvest their crops, and run their cars and trucks.

Jersey's Annual Report for 1952 shows how the big job of supplying people's oil needs has become even bigger. It shows, too, how well this kind of American enterprise handles it.

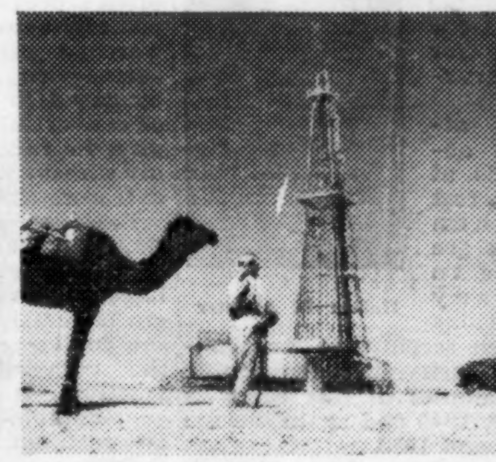
During 1952, Jersey's affiliated companies produced, refined and sold more oil than in any previous year. This meant more oil wells, more miles of pipe line, new tankers, additional refining capacity, and expanded distribution facilities.

It also meant large investments. During the year, new equipment and replacements cost $498,000,000. Since 1945, *almost three billion dollars* have been spent for this purpose.

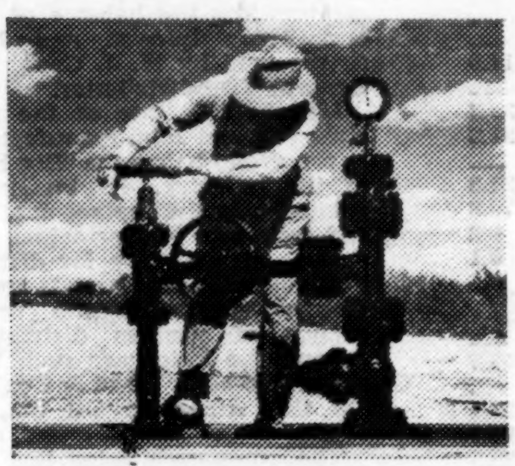
The increased business brought to Jersey and its consolidated affiliates a record gross income for the year, but because of the higher costs of doing business, *net* income was $8,480,000 less than 1951's record high. About half of this net income of $520,000,000 was paid in dividends to the 269,000 persons who own Jersey.

These pictures give some idea of the scope and scale of Jersey affiliates' activities during 1952:

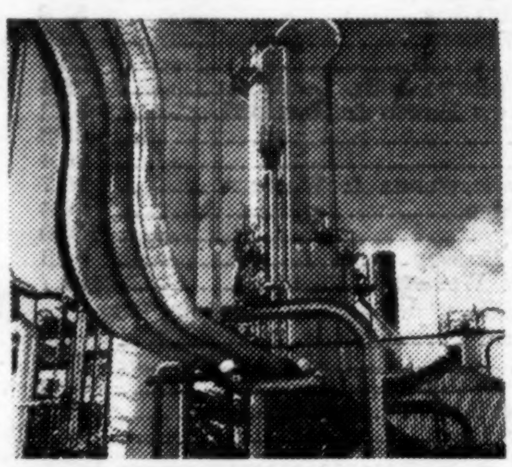
New Oil Sources are located by constant search. Here geologists in Canada explore regions so isolated that supply must be by helicopter. New fields were also sought, with good success, in the U. S., South America, Western Europe, the Middle and Far East.



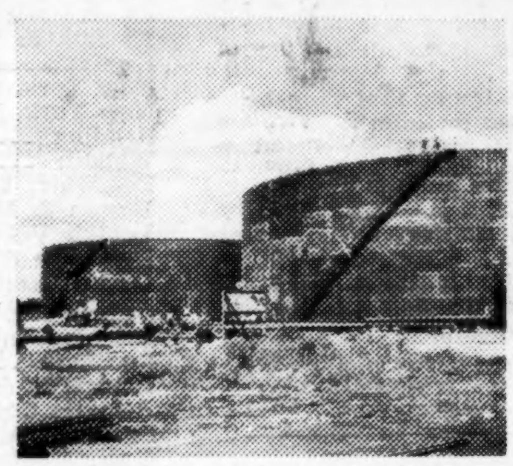
When Geologists Find a Likely Spot, or when known fields are being developed, new oil wells must be sunk, often at great cost. Here is a big drilling rig in a project which greatly expanded the known boundaries of an oil field in Saudi Arabia.



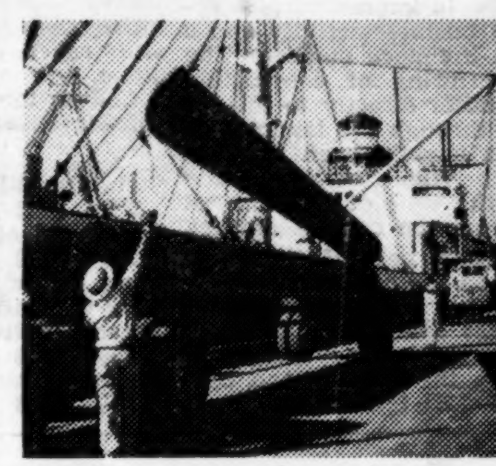
Many New Producing Wells, such as this one opening a Texas field, must be placed in operation yearly to meet mounting demands. In 1952, total production of Jersey affiliates was 4 times that of 20 years ago. Despite the great use of oil, proved reserves were at an all time high.



New Refining Capacity helps to meet the need for more and better products. The units shown above, for example, represented an important part of a recent modernization and expansion program at a Jersey affiliate's refinery. During the last 20 years refinery runs of Jersey's affiliates have tripled.

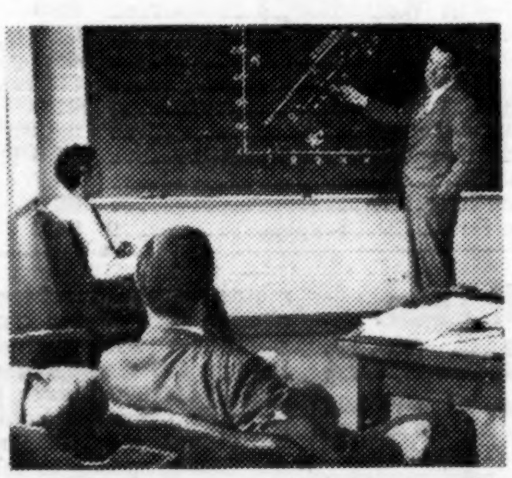


Storage Capacity, such as these world's largest product tanks at New Haven, Conn., makes it possible to keep abreast of the public's demand for seasonal products like heating oil. Such installations require large investments, but permit better service to the consumer.



Pipe Lines are costly to install, but in the long run provide the most efficient overland transportation of petroleum. This means cheaper, more abundant fuels and lubricants. The 26-inch pipe shown above went into the construction of a line delivering crude oil to a Venezuelan refinery.

Tanker Construction goes on constantly to meet requirements for water transportation of crude oil and finished products. During 1952 Jersey affiliates took delivery of two new ocean-going tankers like the one shown above, as well as four smaller tankers. Twenty others were either under construction or on order.



New Ideas are essential to meet people's needs for more and better oil products. Over $27,000,000 and the time of 2,500 employees were devoted to research in 1952. Notable results included a lubricant which will permit important developments in jet engines and a motor oil to maintain efficiency of high compression auto engines.

FINANCIAL SUMMARY—1952

Standard Oil Company (New Jersey) and Consolidated Affiliates

Total income from sales, services, dividends and interest	$4,156,977,000	Taxes charged to income	$371,600,000
Net income	$519,981,000 or $8.58 per share	Other taxes, collected for governments	$384,500,000
Dividends paid	$256,882,000 or $4.25 per share	Spent for new plants and facilities	$498,051,000
Wages and other employment costs	$670,200,000	Number of shareholder-owners	269,000
		Number of employees	120,000

The Annual Report tells the story in detail. We will be pleased to send a copy to anyone wishing it. Write Room 1626, 30 Rockefeller Plaza, New York 20, N. Y.

STANDARD OIL COMPANY (NEW JERSEY)

AND AFFILIATED COMPANIES

Esso

Convertible Bonds for Profit

By HUBERT F. ATWATER

Analyst, Gammack & Co., Investment Advisers
Members, New York Stock Exchange

Mr. Atwater cites as reasons why convertible bonds are now an attractive type of security: (1) the larger supply of such issues due to corporations' desire to take advantage of current interest rates before they go higher; and (2) the low prices of such issues due to forced liquidation of speculators who bought them on thin margins.

We are now in the type of security market which tends to make the purchase of convertible bonds particularly attractive for income and ultimate profit. Perhaps there should be some reasons advanced for this observation.

Hubert F. Atwater

In an attempt to obtain funds at low interest rates, when such costs are tending to rise, many corporations have taken recourse to that convenient security, the convertible bond. Examples of this came in 1907, 1920, 1940 and again we see it in 1951 and 1952.

Recalling the success of such issues at various periods, it also seems to be part of the record that when many corporations indulge in the creation of convertible bonds, that period has been followed within a short time by a sharp rise in interest rates, a recession in business activity and a decline in the stock market. The primary offering of convertible bonds whether directly to the investor or through the issuance of rights has usually been successful; the privilege of conversion being at the time of offering not too far from the current market.

The second part of the cycle comes when the rise in the interest rates (which the conversion feature was designed to obscure) becomes generally apparent. At such time, the best of the convertible bonds tend to sell on a basis about equal to their investment value, particularly if the conversion price of the equity has, in the meantime, proven to be well above the market.

The present issues of convertible bonds have been affected also by a condition which has not often prevailed in the past, namely, because of the success of wartime government issues, the speculative buyer has been encouraged to purchase new issues of convertible bonds on thin margins in the expectation that his investment would be carried at an extremely low interest rate.

Excesses, however, have an inevitable way of bringing their own correction. Interest rates have been raised and more margin is demanded in a period when the declining stock market makes the conversion privilege unattractive. It would appear that considerable forced liquidation has resulted.

Because we have recently broken a 20-year record of excessively low interest rates, the present issues of convertible bonds carry coupons that by all standards are moderate, but since the conversion privilege is now of little value the opportunity to acquire sound obligations may be undertaken on investment value alone.

Convertible issues that may be considered now include:

Issue	Recent Price
Standard Oil of Indiana	
3⅛s 1982	100
Union Oil of California	
3⅛s 1972	100
Scott Paper Co. 3s 1977	105
Dow Chemical Co. 3s 1982	101
Warren Petroleum	
3½s 1966	106½
Canadian Pacific (Secured)	
3½s 1966	96½

Bankers Underwrite Utilities Offering

Montana-Dakota Utilities Co. is offering its common stockholders rights to purchase 293,108 shares of common stock on the basis of one additional share for each five shares held of record on May 5, 1953, at $21.875 per share. Subscription rights will expire at 3:30 p.m. (EDST), on May 20, 1953.

Proceeds from the sale of common stock, will be applied first in payment of $5,250,000 of notes payable to The National City Bank of New York, which were issued to provide temporary financing of additions made in 1952 to the company's natural gas and electric utility properties. The balance of the net proceeds will be added to the general funds of the company and applied toward payment of the company's 1953 construction program.

The subscription offer will be underwritten by a group headed jointly by Blyth & Co., Inc. and Merrill Lynch, Pierce, Fenner & Beane.

Montana-Dakota Utilities Co. is a public utility operating company carrying on a natural gas and electric public utility business in Montana, North Dakota, South Dakota and Wyoming. It also does a limited manufactured gas (butane) and steam heat business and sells gas and electric appliances to customers. The company has five subsidiary companies. The company plans to issue and sell in 1953 approximately $8,000,000 of first mortgage bonds under the indenture securing the first mortgage bonds now outstanding. Proceeds from the sale of the bonds will be applied toward payment of the cost of the company's 1953 construction program, which it is estimated will involve gross expenditures of approximately $12,000,000.

Total operating revenues of Montana-Dakota Utilities Co. for the year ended Dec. 31, 1952 amounted to $18,467,453. Net income for the year, before dividends on preferred stock totalled $1,818,392.

Elmer H. Barlow Named E. R. P. C. Secretary

Elmer H. Barlow for the past 30 years an executive of the Eastern Railroad President's Conference, 120 Liberty Street, New York, has been appointed Secretary of this rail group of 36 major railroads operating in 14 Northeastern States. The announcement was made by David I. Mackie, Chairman.

Mr. Barlow, who is now 58 years of age, has been Manager of the Conference's Speakers' Bureau since January, 1923.

Railroad Securities

Freight Handled by Diesel Power: 1946-1952

Nothing in the railroad picture has caught the imagination of the public quite so much as the expanding use of the diesel locomotives since the World War II days. To the romanticist this development has not been welcome—the diesel can never have the romantic appeal of the old "Iron Horse" and there is nothing in the "beep" of the diesel horn to compare with the whistle of the old steam locomotives. However, more practical souls see in the diesel the financial salvation of the railroads in a period of spiraling inflation. There can be no question but that the diesel has been the most important factor in keeping costs under control during the postwar years.

While many railroads have started to dieselize during the war years only 9.7% of all freight traffic, as measured in gross ton miles, was handled by such power as recently as 1946. In that year almost 70% of all freight traffic was handled by coal-burning steam locomotives. Last year only about 25% of freight traffic was handled by these coal burning steam locomotives, while diesels accounted for 65.5% of the whole. The percentage of passenger business and switching service handled last year by diesels was even higher, at 71.0% and 76.7%, respectively.

A few weeks ago the Bureau of Transport Economics and Statistics of the Interstate Commerce Commission released an interesting study showing the percentage of dieselization of the individual carriers in 1952 compared with 1946. The study covered freight, passenger and yard services. However, as practically every road has gone almost exclusively into diesels for yard and passenger services we are showing in the attached table only the statistics as to the freight service. One very interesting aspect of this tabulation is the indication that the diesel may not be the only answer to operating problems. Norfolk & Western, Nickel Plate, and Illinois Central are all still largely in steam, but ali of them are among the more efficient operators in the industry. Boston & Maine and Lehigh Valley, on the other hand, continue to lag despite their diesels.

Percent of Road Freight Service, Measured in Gross Ton Miles, Handled by Diesel Power.

	1952	1946
Eastern District and Pocahontas Region—		
Pennsylvania	59.6%	0.1%
New York Central	66.2	1.4
Baltimore & Ohio	58.7	6.0
Chesapeake & Ohio	52.8	---
Norfolk & Western	0.8	---
Erie	98.7	11.9
New York, Chicago & St. Louis	2.4	---
New York, New Haven & Hartford	81.2	34.3
Reading	69.8	21.3
Wabash	98.4	---
Delaware, Lackawanna & Western	98.7	24.8
Boston & Maine	98.4	70.8
Lehigh Valley	100.0	0.2
Delaware & Hudson	54.3	0.1
Grand Trunk Western	57.7	0.5
Southern Region—		
Illinois Central	2.6	---
Southern	98.2	12.7
Louisville & Nashville	61.0	---
Atlantic Coast Line	99.7	25.1
Seaboard Air Line	97.3	35.9
Gulf, Mobile & Ohio	100.0	25.5
Western District—		
Atchison, Topeka & Santa Fe, and Affiliates	72.7	34.4
Southern Pacific	66.1	---
Union Pacific	32.9	0.1
Chicago, Burlington & Quincy	78.3	29.8
Chicago, Milwaukee, St. Paul & Pacific	66.4	18.6
Great Northern	64.7	29.8
Missouri Pacific	79.3	11.0
Chicago & North Western	82.8	5.1
Chicago, Rock Island & Pacific	85.5	22.1
Northern Pacific	48.1	11.3
Texas & New Orleans	56.3	---
St. Louis-San Francisco	100.0	---
Missouri-Kansas-Texas	99.3	0.2
Denver & Rio Grande Western	87.5	32.3
Texas & Pacific	99.7	---
St. Louis Southwestern	93.0	36.2
Western Pacific	94.6	50.7

Bankers Sell Tenn. Gas Trans. Com. Stock

Public offering of 1,000,000 shares of additional common stock (par $5) of Tennessee Gas Transmission Co. was made on May 5 by an underwriting group comprising 115 investment firms and headed by Stone & Webster Securities Corp., and White, Weld & Co. The stock was priced at $22.75 per share. This offering was oversubscribed and the books closed.

Proceeds of the sale will be applied by the company to the purchase of up to approximately 375,000 shares of capital stock of American Republics Corp., or 25% of the total outstanding. Tennessee Gas has entered into agreements for the purchase of 176,446 shares at $65 per share. These purchases will include 25% of Barber Oil Corp.'s present holdings of 500,000 shares, the balance to come from the holdings of six individual stockholders. Tennessee Gas proposes to make a similar offer to purchase 25% of the shares of other stockholders at the same price. American Republics is an oil and gas producing and exploration company with properties in Texas, Louisiana, New Mexico and Arkansas.

If stock of American Republics is acquired by Tennessee Gas Transmission as above proposed, the former may be merged with Tennessee Production Company, an oil and gas producing company in which Tennessee Gas owns a 49% interest.

Tennessee Gas Transmission owns and operates a natural gas pipe line system extending from Texas and Louisiana to a point in eastern Kentucky where the system divides, one branch extending into West Virginia and the other across Ohio, Pennsylvania and New York, to the Massachusetts state line. Daily deliveries during 1952 averaged approximately 1,240,000 MCF and for the first two months of 1953 averaged around 1,375,000 MCF.

Consolidated operating revenues of Tennessee Gas have increased from around $28,400,000 in 1949 to $110,434,220 for the 12 months ended Feb. 28, 1953. Net income in the same period rose from $6,761,000 to $18,811,599, the latter figure being equal to $1.86 per share on 8,395,760 shares of common stock after deducting preferred dividends.

Since the last quarter of 1947 the company has paid regular quarterly dividends on its common stock at the annual rate of $1.40 per share.

A. G. Becker Group Offer Mansfield Stk.

Public offering was made on May 5 of 200,000 shares of Mansfield Tire & Rubber Co. common stock (par $5) at $15 per share. The stock comes from General Tire & Rubber Co. which has held a substantial interest in Mansfield for a number of years and is now divesting itself of that interest. A. G. Becker & Co., Inc., heads the offering syndicate.

Coincident with the sale of these 200,000 shares to the public, Mansfield management personnel is purchasing 49,066 shares representing the balance of General Tire's interest and 11,466 shares held by W. J. Coughlin, a General Tire distributor.

Mansfield is one of the principal tire and tube manufacturers in the group below the "Big Four" of the industry. Its business is primarily in the replacement field and falls into two principal categories—manufacture for distribution under its own brands and for distribution under the private brands of various distributors. Among the latter are such firms as Montgomery, Ward & Co., Pure Oil Co., American Oil Co., and others.

The company's sales last year exceeded $55,000,000, with net income of $1,371,000, equivalent to $2.48 per common share. There is but the one class of stock outstanding. Dividends are currently being paid on a $1.60 annual basis.

Joins Davis, Skaggs

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Charles A. Rafter has been added to the staff of Davis, Skaggs & Co., 111 Sutter Street, members of the San Francisco Stock Exchange. Mr. Rafter was previously with William R. Staats & Co.

With Wells & Stanton

(Special to THE FINANCIAL CHRONICLE)

NEW ORLEANS, La.—Irwin D. Crassons is now connected with Wells & Stanton, Cotton Exchange Building.

Non-Productive Government Spending Harmful to Nation

By LELAND J. KALMBACH*

President, Massachusetts Mutual Life Insurance Co.

Head of large life insurance company decries fear of depression following letdown of defense spending. Says there is possibility of mild readjustment period, and points out a reduction in non-productive spending should prove as constructive for the Federal Government as for an individual or corporation. Lists factors helping to maintain level of activity.

I want to comment briefly upon the fear that appears to exist among many people of a depression within the next year or two, especially in view of the possibility of a truce in Korea. It is true that peace would result in some reduction in defense spending which would prove disturbing temporarily to certain companies. Also, it is likely that many retail concerns would consider it feasible to operate with somewhat smaller inventories, which would result in a temporary reduction in new orders. However, although there may be a mild readjustment period, I feel strongly that we do not have to anticipate a depression. In the first place, I think that a reduction in non-productive spending would prove constructive for the Federal Government, just as it does in the case of an individual or a corporation, and I consider it a dangerous philosophy to assume that we cannot have prosperity without a semi-war economy. Also, I think it is unfortunate that many have acquired the view that we cannot have prosperity without a boom involving shortages and high prices, which certainly is not the case. Although there are a number of danger signals on the business horizon, I think there are many factors which will help to maintain a favorable level of business activity. In this connection I want to read certain comments along this line which I made at our General Agents' convention last week.

Leland J. Kalmbach

We are still a rapidly growing country, with the population increasing at the rate of about 2½ million annually, which growth by itself is building up an increasing demand for goods and services; we can expect continued expansion in a number of industries and especially of public utility and chemical companies; new plants will be needed for atomic power and the many related industries which it will create—we have already received requests for capital to finance such plants; there is a tremendous need for public works of various kinds such as roads, city parking facilities, hospitals, and schools; there are now stabilizers in our economy which did not previously exist—I have in mind, of course, factors such as unemployment insurance, Federal Deposit insurance, and the tremendous sums being paid in pensions under Social Security and private pension plans; personal savings are at an all-time high; and the confidence of the American people is at a favorable level, which is all-important, because in the long run we can expect business activity to vary directly with the degree of confidence that our citizens have in our business and political leaders. Therefore, except for occasional mild readjustment periods, I expect favorable business conditions in the years immediately ahead.

With regard to the year 1953, I am very optimistic about our Company's operations. I think without a doubt that our new production will be the greatest in our history for both Ordinary and Group, especially since we have the largest and best-trained full-time field force in our history and are continuing to make fine progress in this respect. The costs of operations continue to cause us concern, but we are constantly adopting ways and means of improving procedures and productivity and, therefore, I think that, with our increased volume of business, we shall be able to keep our unit expenses close to present levels. Also, I think we can expect interest rates to remain at about the present level for the balance of the year, which means that we shall have a further increase in interest profits. Considering all of the factors involved, I am confident that 1953 is going to be another record year for the Company.

*Extracted from an address by Mr. Kalmbach at the Annual Meeting of the policyholders of the Massachusetts Mutual Life Insurance Company, Springfield, Mass., April 8, 1953.

Calif. I. B. A. Group To Hold Conference

SAN FRANCISCO, Calif.—The Second Annual Conference of the Califorina Group of the Investment Bankers Association will be held at Santa Barbara in the Santa Barbara Biltmore Hotel on June 28, 29, & 30. Ewing T. Boles, The Ohio Company, Columbus, President of the Investment Bankers Association and Murray Hanson, General Counsel, will be present. Eaton Taylor, Dean Witter & Co., Who is in charge of the meeting, anticipates having a most interesting program and is anxious to have each member send at least one younger associate who will be interested in the work of the Investment Bankers Association.

As the room accommodations of the Santa Barbara Biltmore are limited those planning to attend should advise Lester H. Empey, American Trust Company, the number who might attend from the firm, including branch personnel and wives who will require hotel reservations.

With Stephenson, Leydecker

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif. — Max W. Koenig has been added to the staff of Stephenson, Leydecker & Co., 1404 Franklin Street.

Moore, Leonard Branch

GREENSBURG, Pa. — Moore, Leonard & Lynch, members of the New York and Pittsburgh Stock Exchanges, have opened a branch in the First National Bank Building under the direction of Thomas S. Connor.

Three With Inv. Service

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Ben A. Law, William B. MacClary and Nathan G. Thorpe have joined the staff of Investment Service Corporation, 444 Sherman Street.

A. C. Allyn & Co. Opens New Office

CHICAGO, Ill.—The investment firm of A. C. Allyn & Co. formally opened its new offices at 122 So. LaSalle Street, May 6, after 22 years at 100 W. Monroe St. The new office, featuring modern, functional design and decoration, is headquarters for the Allyn organization, which has offices in New York, Boston and 20 other cities, as well as Chicago.

A. C. Allyn

"Our decision to go ahead with this new office affirms our confidence in the investment banking business and in Chicago as a growing financial center," according to A. C. Allyn, Chairman of the Board. "Chicago has risen in importance as an investment and financial market in the 40 years we have been in business," Mr. Allyn noted, "and now there appear to be even stronger trends working towards a larger role for Chicago as a financial leader."

In addition to the convenience of a street-level location, Mr. Allyn pointed out that "we have incorporated in this office all the most modern developments which contribute to the needs of present-day investors. We will be able to establish new standards in service, not only for investors in the Chicago area, but also for our customers in the other cities where we have offices." The latest type electric quotation board is being installed and the office is completely air-conditioned and acoustically treated. Pneumatic tubes and specially engineered telephone equipment has been installed to speed contacts within the office and with the various securities markets. The firm has a total of 18,000 square feet, including space on the lower level of the building as well as the ground floor.

The architectural firm of Holabird & Root & Burgee, designed the office so that it is one clear sweep from the sidewalk entrance on LaSalle Street to the quotation board and the desks of the registered representatives. The various departments are divided only by desk-high partitions of plate glass and hand-rubbed walnut. The first floor is illuminated with continuous - strip low - brightness fluorescent lighting.

Interior decorating, by Watson & Boaler, utilizes tones of brown and beige which complement the natural coloring of the Ondagata marble encasing the show windows and lining the reception area.

A dial telephone system specifically engineered to meet the firm's requirements has been installed. Of particular interest is the latest type trader's cabinets, flush-mounted in desks designed specifically to provide maximum efficiency with minimum effort. Special telephone equipment with illuminated features has been arranged to expedite calls to executives and sales personnel. The accounting department has been laid out to make the most efficient operation of the International Business Machines equipment the firm uses.

A. C. Allyn & Co. is a member of the New York Stock Exchange, the Midwest Stock Exchange, which is in the same building as the new office, and is an associate member of the American Stock Exchange. A. C. Allyn and Company, Incorporated, has been a Chicago-headquartered investment banking firm since 1912, and is national underwriter for Concord Fund, Inc.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The government market is attempting to find its way around again after being hit rather hard by the developments which are apparently natural consequences of the money tightening policies of the powers that be. Although the longer-term higher yielding issues seem to be getting most of the attention, if only from the talking standpoint, there is, nonetheless, considerable activity going on in the short-term obligations. These securities appear to be making more friends because there is evidently a lesser degree of uncertaintly surrounding them. In other words, until there is more definiteness in the general situation, the only way many buyers of Treasury issues can be sure of some kind of stability and marketability is by staying very short.

The recent Treasury financing has had a marked effect upon most owners of government obligations, especially holders of the longer term 2½% bonds. The buyers of the 3¼% issue have also had some anxious moments, even though this bond is reportedly well held by ultimate investors.

The money market still seems to be on the fence although the 3¼% bond issue has gone into the record books, both as far as new money raising and the refunding is concerned. The future market action of all government obligations is, however, going to be dictated by what the monetary authorities see fit to do in their handling of the credit situation as well as their debt management operations. There seems to be no clear cut signs appearing yet on the horizon as to any changes in the policies that have been in force. However, developments must be watched very carefully to see if there will be any divergences in the pattern which might indicate some modification in the course that is being currently followed.

Rediscount Rate Key to Policy

As to what will be the most important factor to keep under close surveillance there appears to be very little in the way of disagreement among most followers of the money market. It seems as though the rediscount rate is the one force that is being watched like a cat watches a mouse, as an indicator as to what will be the future course of action in the money markets. It might be either a change in the rediscount rate or the lack of a change in this rate that could give a clue as to whether or not the credit policy and debt management program of the monetary authorities will be reaffirmed or modified.

According to those that have a real feel of the money markets an increase in the rediscount rate would mean the continuation of the tight money policy, with higher interest rates distinctly in prospect. It would also most likely indicate that the monetary authorities are not satisfied with the results that have been obtained so far in halting or slowing down the debt-created boom and further restraint must take place in the money markets.

On the other hand, if there should be no change in the rediscount rate in the not too distant future, this might indicate the powers that be believe that the restraint of credit has gone about far enough. Also, business indicators might soon be giving some evidence as to the effectiveness of the tight money policy and the debt management program on the debt-created boom. It is believed in many quarters that as soon as there are signs of a slowing down in business there will be an easing in the credit policy.

N. Y.-Chicago Bank Reserves May Be Lowered

There is considerable talk about changes being made in reserve requirements in the central reserve cities of New York and Chicago in order to ease the strain on the large commercial banks in these localities. A lowering of reserve requirements in the large money centers might not, however, mean a change in the overall credit policy of the monetary authorities. Although the powers that be could still keep money conditions tight, there will be a continued demand for the shortest Treasury obligations. Therefore, in order to make available funds that could go into these securities without changing the whole money market policy there might be a lowering in reserve requirements of the commercial banks in New York City and Chicago. Part of the money that is presently tied up in required reserves would most likely find its way eventually into Treasury bills. This would have a favorable effect upon the near-term market without having too much of an influence upon credit conditions as a whole.

The liquidity preference seems to have been further strengthened by the unfavorable action of the longer-term Treasury issues. It is reported that many of those that could put some funds into the higher income government securities are not inclined to do more than to continue to make purchases of Treasury bills.

San Francisco Exch. Announces Plans

SAN FRANCISCO, Calif.—Ronald E. Kaehler, President of the San Francisco Stock Exchange has announced that checks were being mailed to members of the Exchange in the amount of $17,500 each. This represents the member's distributive share of the proceeds from the sale of the office building earlier this year.

Mr. Kaehler said this sale takes the Exchange out of the real estate business and leaves them with the beautiful monumental building housing the trading floor on the corner of Pine and Sansome Streets.

Plans to make the trading floor one of the most modern in the country are in the course of preparation. Mechanical devices will be installed to expedite the reporting of transactions and at the same time prepare information for the clearing house and statistical departments that is now manually assembled.

The plans also provides space for the executive offices of the Exchange in the trading floor building. These offices are currently in the building which has been sold.

Jeffries Director

At the yearly meeting of stockholders of M. H. Lamston, Inc., J. Amory Jeffries was elected a new director of the company. Mr. Jeffries is President of Childs, Jeffries & Thorndike, Incorporated and also President of the Massachusetts Savings Bank, Boston, Massachusetts.

Bank and Insurance Stocks

By H. E. JOHNSON

This Week — Insurance Stocks

Underwriting operations of the fire and marine stock insurance companies showed a favorable trend and improved over those of 1951 according to the compilations in the 1953 Fire Index published by "The Spectator," Philadelphia, Pa.

This is the 85th annual issue of the Fire Index and it covers 377 companies in the fire and marine phase of the insurance business. The aggregate figures for 1952 show a statutory underwriting profit of $160,040,307 as compared with $89,624,915 in 1951. Some of the other aggregates showing the progress of the group during the year are presented below.

	1952	1951
Total admitted assets, Dec. 31	$7,412,149,025	$6,826,049,912
Total liabilities, Dec. 31	4,064,407,314	3,777,713,101
Unearned premium reserve, Dec. 31	2,907,472,887	2,693,464,079
Surplus to policyholders, Dec. 31	3,347,741,711	3,048,336,811
Net premiums written	3,213,282,817	2,946,070,484
Premiums earned	2,974,212,195	2,723,538,223
Losses incurred, includ. adjusted exp.	1,586,873,379	1,485,896,525
Underwriting expenses incurred	1,227,298,509	1,148,016,783
Statutory underwriting profit	160,040,307	89,624,915

The ratio of underwriting profit to premiums earned was 5.4% last year as against 3.3% in the earlier period. This better showing was attributable to a decline in the loss ratio from 54.5% to 53.3%. Also the expense ratio was somewhat better, being 41.3% in 1952 as compared with 42.2% a year earlier. These factors combined with a gain of close to 8.5% in premiums earned were responsible for the higher underwriting profit.

The improvement was fairly general through most of the major fire and marine insurance lines. The loss ratio on straight fire insurance increased from 37.9% in 1951 to 42.2% in 1952. On extended coverage, however, the absence of major disasters such as the windstorm of 1950 and its continuing losses into 1951, resulted in a much improved showing in 1952. Even though there was a large increase in business, primarily because of higher rates and a wider consciousness on the part of the public, the loss ratio declined on the extended coverage line from the unfavorable 62.8% of 1951 to 33.4% last year. Ocean marine, on the other hand, because of a number of unfavorable experiences, showed an increase in losses with the ratio rising from 52.7% to 59.9%.

Auto physical damage, the second most important line in the fire group from the standpoint of volume, showed an improved operating trend in 1952. For the 377 stock companies the premium writings increased by almost 20% and although losses were higher because of the greater volume, the loss ratio declined from 49.3% in 1951 to 46.1% last year.

For all the companies included in the tabulation the premium volume in 1952 totaled $3,213,282,817. On these writings losses of $1,354,135,428, excluding adjustment expense, were paid. This resulted in a loss ratio computed in this manner of 42.1%. In 1951 premium volume was $2,946,070,484, losses paid $1,327,708,898 and the ratio of losses 45.1%. This, in effect, was a drop of three percentage points in the loss ratio.

While these overall totals are very interesting from the standpoint of the general industry, some of the individual figures for the different insurance lines give a picture of what have been the most important factors and the operating influences at work in the various companies. In other words, the insurance lines written by different companies vary considerably with only a few covering the full range. Even in these cases, however, the percentage distribution of any particular line between the companies is quite different. Some companies write a large volume of automobile lines while others concentrate on straight fire. Thus, these differences are important in appraising the result and prospects of a particular company, more so than the general trends of the industry.

It is in this connection that "The Spectator" Fire Index is useful, providing a wide range of detailed information on the industry and specific companies.

With Standard Inv. Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Paul Jensen has become connected with Standard Investment Co. of California, 210 West Seventh Street.

Denton Co. Adds

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif. — Louis L. Lane has joined the staff of Denton & Company, 234 East Colorado Street. He was previously with Walston Co.

The Threat to Western World Unity

By PAUL EINZIG

Dr. Einzig, commenting on the economic impact of Communist peace moves, finds a growing attitude toward lack of cooperation among the Western Allies. Cites refusal of Britain to ratify wheat pact and U. S. rejection of contract with British firm for construction of Chief Joseph Dam. Concludes what is needed is a timely elaboration of international policies to prevent serious world-wide deflation.

Dr. Paul Einzig

LONDON, Eng. — Whatever other results of the new conciliatory tactics of Moscow and Peking may produce in the course of time they appear to have already succeeded in weakening the unity of the Western democracies. According to Paris reports this new attitude appears to be influencing to some degree the general atmosphere of the North Atlantic Treaty Organization Council's Conference which met on April 23. There is evidence of somewhat less willingness to cooperate to find a solution to the problem of German rearmament and the European Defense Community. This in spite of the fact that the so-called conciliatory gestures have been so far quite insignificant and that their sum total has been heavily outweighed by the latest Communist aggression against the State of Laos in French Indo-China. It is easy to imagine the effect that a really important peace move would produce. Nor is this effect confined to the political sphere. In the economic sphere too there has been growing evidence of the reaction to the Communist gestures in the form of a declining willingness among Democratic Governments to cooperate.

The breakdown of the international wheat agreement as a result of the British decision not to participate in it was one of the danger signals. The decision of the United States Government to reject the British tender for the Chief Joseph Dam contract was another indication of the new state of mind that prevails in the West.

From a British point of view the insistence of the United States on a maximum price of $2.05 a bushel for the next three years appears to be entirely unjustified either on economic grounds or on moral grounds. Owing to a series of good crops there is now a huge wheat surplus so that on purely economic grounds a reduction of the maximum price from its existing figure of $1.80 is called for rather than a further artificial increase, especially in view of the downward trend of commodity prices in general. It is true this would be highly embarrassing to the U. S. Government, which cannot afford politically or economically to yield in its attitude. For this reason it is arguable the British Government ought to have done its best to come to terms. On the other hand it is equally arguable that the United States Government has done little or nothing towards meeting the British Government's requirements by agreeing to some form of valorization scheme to maintain the prices of rubber, tin and other British Commonwealth commodities at an artificial level, or agree to an increase of the price of gold to its natural level.

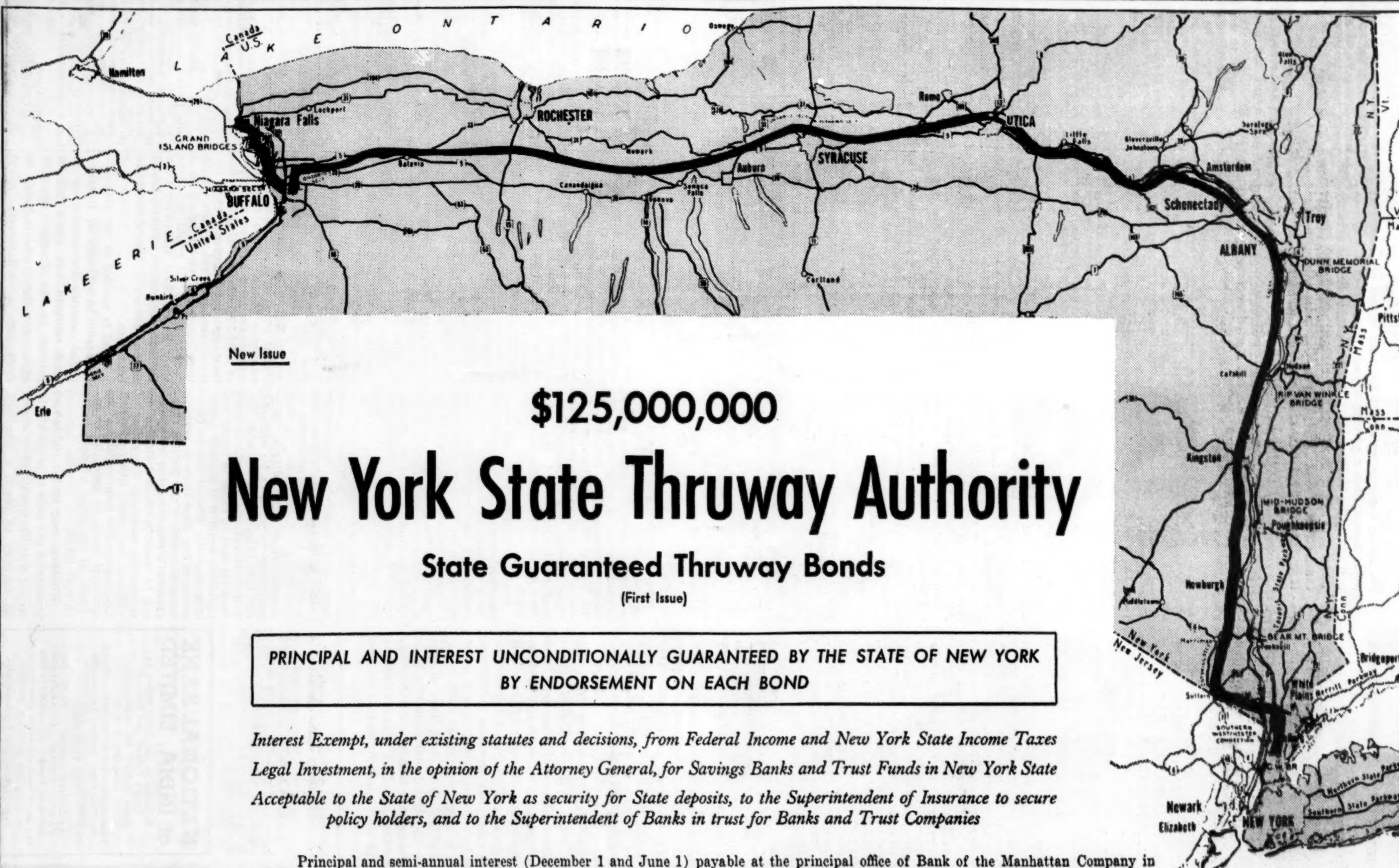
Whatever may be the rights and wrongs of the case it is decidedly wrong that the negotiations should be allowed to reach a deadlock for the sake of a difference of a mere five cents per bushel. Britain started negotiating from $1.80 while the United States originally demanded $2.50. Both parties made major concessions and it is deplorable to the highest degree that a difference that is merely 1/14th of the original difference should be allowed to stand in the way of agreement. It seems that both parties having swallowed camels are now straining at gnats. Either party could well afford to give way or to meet each other halfway. The practical significance of the difference of five cents is really relatively moderate and the obstinacy of both parties to bridge the gap is difficult to understand. It seems reasonable to assume that had it not been for the so-called peace moves of the Communist Governments, an open breach would have been avoided.

It is equally probable that the Washington Administration would not have taken an action in the Chief Joseph Dam case—which is in flagrant contradiction to President Eisenhower's public undertaking to aim at facilitating trade between the United States and her allies—if it had not been for a feeling that in the changed international political atmosphere it is no longer so important to assist the allies in their effort to maintain their solvency and economic strength in the interest of the common defense against the Communist imperialist menace. The British Government made no secret of its resentment over this official American action especially as it was not forced upon an unwilling Administration by Congress or by American public opinion, but was taken deliberately by the Administration itself. It is no wonder that British official circles, political circles and public opinion now feel that very little action can reasonably be expected of the new Administration to enable Britain to pay her way. Such an action as that of the rejection of the British tender might easily prove to be a turning point in British postwar economic policy. It might result in a reaction from the policy aiming at non-discrimination in trade and convertibility of currency to the policy of bilateralism, quantitative restrictions and monetary isolationism. It certainly was a windfall to the anti-American sections of British opinion.

There is a very real danger that the democratic countries are drifting into a state of economic disunity. The United States and the allied governments are making a grave mistake if they imagine that they can afford at this stage to relax their efforts towards the establishment of the closest possible cooperation in the economic sphere. Such cooperation might soon become a matter of vital importance. Should a further apparent improvement of international political relations with the Communist states result in a "peace slump" it could not possibly be checked otherwise than through concerted international action among the democratic countries.

What is needed is the elaboration well in advance of international policies to prevent or at least mitigate any sharp fall of prices. In the absence of such agreement the world is liable to drift into a deflationary spiral similar to that experienced 20 years ago. The efforts of individual countries to pursue anti-deflationary policies would be doomed to failure if there should be deflation in the United States. To avoid being dragged into a deflationary spiral and to safeguard their balances of payments they would have to revert to the remedy they applied in the early '30s by devaluing their currencies in terms of the dollar. This again would aggravate deflation in the United States as it did in the '30s.

To avoid such disastrous developments it is essential for all parties concerned to work out an international anti-deflationary policy which could be applied without delay as soon as the situation should call for it. An agreement between the United States, the countries of the British Commonwealth, also those of Western Europe, Latin-America and Japan to resort to prearranged monetary and other measures would in itself go a long way towards averting a slump through inspiring confidence. It is high time the governments concerned realized that in the economic sphere an improvement of the international political relations is a cause for strengthening rather than relaxing the efforts towards the establishment of a united front.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United States
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GRAND ISLAND BRIDGES
BUFFALO
Silver Creek
Dunkirk
Erie
ROCHESTER
Batavia
Canandaigua
Auburn
SYRACUSE
Cortland
Rome
UTICA
Little Falls
Amsterdam
Schenectady
Troy
ALBANY
DUNN MEMORIAL BRIDGE
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Newburgh
BEAR MT. BRIDGE
Bridgeport
White Plains
Newark
Elizabeth
NEW YORK
New York
New Jersey
N.Y.
Vt.
Mass.
Conn.

AMOUNTS, COUPON RATES, MATURITIES AND YIELDS OR PRICES

Dated June 1, 1953 — Due June 1, as below

Amount	Rate	Due	Yield or Price	Amount	Rate	Due	Yield or Price
$ 500,000	4%	1958	1.50%	$5,000,000	2½%	1972	2.40%
750,000	4	1959	1.60	5,500,000	2½	1973	2.45
1,000,000	4	1960	1.70	5,750,000	2½	1974	@ 100
1,500,000	4	1961	1.80	6,250,000	2½	1975	@ 100
1,750,000	4	1962	1.90	6,500,000	2.60	1976	2.55%
2,000,000	4	1963	1.95	6,750,000	2.60	1977	@ 100
2,250,000	2¼	1964	1.95	7,000,000	2.60	1978	@ 100
2,500,000	2¼	1965	2.00	7,250,000	2.70	1979	2.65%
3,000,000	2¼	1966	2.10	7,500,000	2.70	1980	@ 100
3,250,000	2¼	1967	2.15	7,750,000	2.70	1981	@ 100
3,750,000	2¼	1968	2.20	8,000,000	2¾	1982	@ 100
4,000,000	2¼	1969	@ 100	8,250,000	2¾	1983	@ 100
4,250,000	2½	1970	2.30%	8,500,000	2¾	1984	@ 100
4,500,000	2½	1971	2.35				

(Accrued interest to be added)

Subject to redemption at any time on and after June 1, 1963, at varying premiums, in accordance with the redemption terms incorporated herein.

Redemption Terms of Bonds

The Bonds will be subject to redemption, at the election of the Authority, prior to their respective maturities, upon notice of not less than thirty nor more than sixty days, published in the City of New York and the City of Albany, any time on and after June 1, 1963, as a whole, or in part if, at the date of such redemption, the Bond Reserve Fund shall equal the Bond Reserve Requirement (as described under the heading "Certain Covenants of the Authority"), at the redemption prices (stated in percentages of the principal amounts) set forth in the following table, together with interest accrued and unpaid to the redemption date:

If Redeemed	Column 1 Redemption prices of not exceeding $3,000,000 principal amount of Bonds per annum, cumulative, as stated below	Column 2 Redemption prices of Bonds redeemed in excess of the principal amounts set forth in Column 1 as stated below
On or after June 1, 1963 but before June 1, 1968........	103 %	104%
On or after June 1, 1968 but before June 1, 1973........	102 %	103%
On or after June 1, 1973 but before June 1, 1978........	101 %	102%
On or after June 1, 1978 but prior to maturity...........	100½%	101%

The redemption prices set forth in Column 1 of the above table will apply to Bonds redeemed in the twelve-months period beginning June 1, 1963 and in each twelve-months period thereafter until $3,000,000 principal amount of the Bonds have been redeemed in such period, and if less than $3,000,000 principal amount of Bonds is redeemed in any such period, the unredeemed balance may be redeemed in any later such period at the price set forth in Column 1 for redemption in such later period. Bonds called for redemption on the same date will be considered as redeemed in the order in which they are required to be redeemed as stated below.

The redemption prices set forth in Column 2 of the above table will apply to all other Bonds redeemed in excess of the principal amounts permitted by the preceding paragraph to be redeemed at the redemption prices set forth in Column 1 of the above table.

If less than all of the outstanding Bonds are to be redeemed, the Bonds will be redeemed in inverse order of maturity; and if less than all the outstanding Bonds of any maturity are to be redeemed, the Bonds of such maturity will be redeemed in the order in which they are selected by lot from all the Bonds then outstanding of such maturity.

The State of New York may, upon furnishing sufficient funds therefor, require the Authority to redeem the Bonds prior to maturity, as a whole, on any interest payment date on or after June 1, 1968 on the terms above stated.

The above Bonds are offered when, as and if issued and received by us, and subject to prior sale and approval of legality by the Attorney General of the State of New York.

The Chase National Bank — The National City Bank of New York

First National Bank — Bankers Trust Company — J. P. Morgan & Co. Incorporated — Guaranty Trust Company of New York — Chemical Bank & Trust Company — Bank of the Manhattan Company — Lehman Brothers

Harriman Ripley & Co. Incorporated — Smith, Barney & Co. — Halsey, Stuart & Co. Inc. — Blyth & Co., Inc. — Lazard Frères & Co. — C. J. Devine & Co. — Phelps, Fenn & Co.

The Marine Trust Company of Western New York — Manufacturers Trust Company — Harris Trust and Savings Bank — The Northern Trust Company — The First National Bank of Chicago — Continental Illinois National Bank & Trust Company of Chicago

Hallgarten & Co. — Kidder, Peabody & Co. — Ladenburg, Thalmann & Co. — Glore, Forgan & Co. — R. W. Pressprich & Co. — Salomon Bros. & Hutzler

Barr Brothers & Co. — Blair, Rollins & Co. Incorporated — The First National Bank of Portland, Ore. — The Philadelphia National Bank — Bear, Stearns & Co. — Drexel & Co. — Eastman, Dillon & Co. — Equitable Securities Corporation

Estabrook & Co. — Hemphill, Noyes & Co. — Kean, Taylor & Co. — Manufacturers and Traders Trust Company Buffalo — Mercantile Trust Company St. Louis — Merrill Lynch, Pierce, Fenner & Beane

Paine, Webber, Jackson & Curtis — Stone & Webster Securities Corporation — Union Securities Corporation — White, Weld & Co.

A. C. Allyn and Company Incorporated — F. S. Moseley & Co. — B. J. Van Ingen & Co. Inc. — Geo. B. Gibbons & Company Incorporated — Hornblower & Weeks — Lee Higginson Corporation

Reynolds & Co. — L. F. Rothschild & Co. — Schoellkopf, Hutton & Pomeroy, Inc. — Wood, Struthers & Co. — Adams, McEntee & Co., Inc. — Bache & Co.

A. G. Becker & Co. Incorporated — The Boatmen's National Bank St. Louis — Braun, Bosworth & Co. Incorporated — Coffin & Burr Incorporated — Dominick & Dominick — First of Michigan Corporation — Harris, Hall & Company (Incorporated)

Ira Haupt & Co. — Hirsch & Co. — Laidlaw & Co. — Laurence M. Marks & Co. — Wm. E. Pollock & Co., Inc. — Roosevelt & Cross Incorporated — Stroud & Company Incorporated

Chas. E. Weigold & Co. Incorporated — Robert Winthrop & Co. — Alex. Brown & Sons — Dick & Merle-Smith — R. S. Dickson & Company Incorporated — Fidelity Union Trust Company Newark

Hayden, Stone & Co. — W. E. Hutton & Co. — Aubrey G. Lanston & Co. Incorporated — Carl M. Loeb, Rhoades & Co. — W. H. Morton & Co. Incorporated — The National Commercial Bank & Trust Company of Albany

Shearson, Hammill & Co. — F. S. Smithers & Co. — State Bank of Albany — Swiss American Corporation — American Securities Corporation — Bacon, Stevenson & Co.

Central Republic Company (Incorporated) — Eldredge & Co. Incorporated — Hannahs, Ballin & Lee — R. H. Moulton & Company — National State Bank Newark — The Public National Bank and Trust Company of New York

Schwabacher & Co. — Trust Company of Georgia — Tucker, Anthony & Co. — G. H. Walker & Co. — Weeden & Co. Incorporated — William Blair & Company

Julien Collins & Company — Paul H. Davis & Co. — R. L. Day & Co. — Francis I. duPont & Co. — Green, Ellis & Anderson

New York, May 6, 1953.

Securities Salesman's Corner

By JOHN DUTTON

Don't Give Up!

I don't like to write things in this column that sound like preaching. It is so easy to sit back and tell the other fellow what to do and how to do it that sometimes I think that most sales managers, as well as people who write and lecture on salesmanship, get a little too stuffy and sanctimonious about such things as working hard, following up leads, sticking to it, and all the rest of it. But after all I don't believe that you can overlook certain fundamentals if you want to make the grade. I've seen a lot of 90-day wonders in my time and possibly you have seen some of them too. But there is no substitute for such old fashioned characteristics of a person's make-up as courage, tenacity, and intelligence. You can take any problem and solve it if you have those qualities in your make-up. Put some faith and enthusiasm into it as well and you are bound to come out on top.

Here's a sample: One of the best lessons I ever learned about selling happened this way. Some years ago I was handed quite a bundle of leads. I think it was close to a hundred of them. These people had answered some direct mail advertising and it was my job to follow them up. I started out in the usual way. I planned my territory, I checked phone numbers, and I began telephoning for appointments. I kept going but for some reason or another I ran into one of the poorest batches of leads that I had ever encountered. Many of these people were curiosity seekers, others were not home, several looked fairly good, but as to any real encouragement regarding immediate and future business I was beginning to become discouraged. I had gone through 60 names and I had very few prospects and no orders. That is a fact. After almost two weeks of steady work I was almost ready to throw in the sponge.

Then one morning I took some of the names that were in an outlying neighborhood. I decided to give it another try. None of these people had a telephone, and I was very much in the mood to turn the cards back but for some reason I kept going. My first call was at an address where I was told that the party I wished to see had moved away. I asked for the address and I learned that the duplex house where I was calling was owned by my prospect and I was given her new address. It was about a half hour drive away from where I had made my first call. I asked if there was a telephone where I could make a call to the prospect. There was not. I was just about ready to write N.G. on the card and go on to the next name when something told me to follow the thing through to the end. This I did and much to my surprise I ran smack into one of those prospects that every salesman can appreciate. I found someone who had a need for advice, the wherewithal to buy, and a friendly, open-minded personality. My first sale to this account involved a gross commission of $900. Later the lady bought more and the total profit generously repaid me for the two weeks of effort during which time I had drawn a complete blank.

This sort of think is not unusual. I am certain that many of you have had a similar experience. One of my friends in New York City drove all the way to Connecticut one day to call on a person who had answered a newspaper ad. This turned into an account that ran into the millions. Today he controls it, lock, stock and barrel. It took another friend of mine years to develop contacts with certain key people in his city that today are turning a large volume of unlisted business over to his firm. But 20 years ago when he started out, and for many years thereafter, he never got even a small bite of this business. Time, patience, heads-up work when you do meet people, always putting your best foot forward, and keeping at it, is the best answer to the prospecting problem that I have ever found. Newspaper ads, double return cards, cold calls on businessmen and professionals, and radiation from friends and customers, all these methods expose you to people who **might be customers**. There are always four aces in every deck, as well as a lot of deuces and treys, it's up to us to find them. The only way you can do it is to keep trying. Then you will hit pay dirt—and you can be sure of it.

P. S.—If you will divide the 60 calls I made when I drew a blank into the $900 commission on the first order it comes to an average of $15 for each call I made when I didn't sell. Not a bad day's work if you figure five calls and interviews a day times $15 or $75 a day. Maybe I am using goofy arithmetic but if you figure every call you make, add them up for a year, then divide them into your total earnings for the year, you can see how much each call is worth to you. I once heard of a life insurance man who did this. He added up all his calls and divided them into his total commissions for the year. He found out that each call was worth exactly $2.76 to him. It kept him going when he became discouraged. This knowledge made him realize that each day's work was productive whether he sold that day or not. He finally raised his income to a very high figure by increasing his unit of sale and by becoming more efficient in his work. If you make the calls you'll "make the grade."

So. Calif. Counselors Elect New Officers

LOS ANGELES, Calif.—At its Sixteenth Annual Meeting held April 28th at the University Club of Los Angeles, the Investment Counselors' Association elected the following officers to serve for the coming year:

President, W. Murray Hawkins, Los Angeles.

Vice-President, Warren B. Bailey, Los Angeles.

Secretary-Treasurer, Henry H. Clifford, Los Angeles.

In addition to Hawkins and Bailey, the following men were elected to the Association's Board of Governors: Thomas D. Sears, Santa Barbara; Foster B. Rhodes, Los Angeles; Jack H. Zucker, Los Angeles.

$125,000,000 New York State Thruway Authority Bonds Offered to Investors

Nation-wide group of about 300 members headed by Chase National Bank, National City Bank and Lehman Bros. market issue unconditionally guaranteed by the State of New York.

A nation-wide group of approximately 300 members headed by The Chase National Bank and The National City Bank of New York as joint managers and Lehman Brothers as associate manager on May 5 offered $125,000,000 New York State Thruway Authority State Guaranteed Thruway bonds, carrying coupons ranging from 2¼% to 4%, dated June 1, 1953, and due June 1, 1958-1984, inclusive, and subject to redemption at any time on or after June 1, 1963, at varying prices.

The bonds are priced to yield from 1.50% to 2¾%, according to maturity.

The bonds are unconditionally guaranteed as to principal and interest by the State of New York by endorsement. Interest on the bonds is exempt, under existing statutes and decisions, from Federal income and New York State income taxes. The bonds are legal investment, in the opinion of the Attorney General of the State of New York, for savings banks and Trust funds in New York State.

The Authority is empowered to collect fees, rentals and charges, including tolls to produce sufficient revenue to meet the expenses of operation and maintenance of the Thruway and debt service requirements of the bonds.

The parts of the Thruway presently under construction or shortly to be constructed comprise the route between New York City and Buffalo, via Albany, Schenectady, Utica, Syracuse and Rochester—a distance of approximately 427 miles. The project will consist of a four- to six-lane express highway.

Continued from page 2

The Security I Like Best

million square feet and receiving in excess of $29,000,000 of wages and salaries in fiscal 1952.

The name "Carrier" has been synonymous with air conditioning for 50 years, which fact is mentioned to point out that these years of research and engineering experience represent an asset not presently enjoyed by newcomers to the industry. Growth was slow and doubtless painful during the intervening years up to the middle thirties, when the company moved to Syracuse. Subsequent years have been a period of continued expansion which have seen sales increase from $27,829,000 in 1943 to a record $107,000,000 in 1952. During this time net profits, after taxes, increased from $701,-309 to last year's $4,522,000. Working capital, standing at $4,974,000 in 1943 had reached $31,000,000 ten years later. These statistics appear adequately to establish the growth angle of the company and industry.

They become more impressive as we look back to December, 1915, when a few individuals who shared Willis Carrier's vision, contributed from their savings and borrowed funds to the setting up of a paid-in capital of $32 600. This was the modest beginning from which, 38 years later, Carrier has reached its stature of leadership in an industry the growth potentials of which are ever expanding.

Capitalization does not appear burdensome. There are only 883,-051 shares of common outstanding, with 303,533 shares reserved for conversion of two moderate sized issues of preferred. Ahead of these equities is a long-term debt of $12,500,000 in the form of notes carrying an interest rate of 3.95% and due $625,000 annually, starting in 1958.

Latest earnings report for the year ended October 31, 1952 reveal gross income of $108,221,000 of which $12,314,000 was carried down to net. Of this, taxes absorbed $7,792,000 leaving $4,522,-000, or $4.89 per share. The $1.40 dividend paid in 1952 does not make the stock underpriced at around 40, but the increase to $.45 paid in the first quarter of 1953 is an indication of confidence that sales and earnings will continue their upward trend. Estimates for 1953 point toward record sales of $150,000,000. This would be a 40% increase over last year and better than ten times the 1940 total, which lends weght to unofficial reports now current that higher disbursements may be anticipated.

Departing from dry statistics, the Carrier story becomes more interesting. In the course of compiling these observations, I have been impressed by the effective combination of research, marketing and production facilities that have brought the company to its position of leadership in the industry. Distribution in the United States is handled through offices in 136 key cities, through which are channeled the sales, installation and service efforts of some 3,000 individual dealers. Foreign markets are not being ignored, as may be noted in the report that sales of the International Division in 1952 were the highest in history.

Recent installations are especially interesting. Only a few may be mentioned here because of space limitation, but among them are the Eisenhower Memorial Building at Abeline, Kansas, the first Atomic submarine, the super carrier U. S. Forrestal, Lever House in New York and the Merchandise Mart in Chicago. Also, Mexico City's 18,500 seat auditorium, the Norwegian Parliament Building, numerous churches of all faiths, Tokyo's Imperial Hotel, the Walter Reed Hospital, Statler Center, Los Angeles, Owens Corning's vast fiber glass plant in South Carolina, and Gateway Center in Pittsburgh, which is said to be the second largest commercial air conditioning system in the world. A St. Louis builder reports that Carrier Weathermakers were of such aid in the sale of a 69 house project that he now has plans for 1953 involving 400 additional homes, all "Weathermaker" equipped.

In addition, Carrier equipped are the Queen Mary and other super liners, the Pentagon Building and the United Nations Secretariat, Radio City and the United States Capitol, battleships, trains, department stores and offices, even a gold mine in Brazil. These are an indication of wide market diversification.

I have been too long in this business to permit myself the luxury of a one way trip to the end of any limb. I am not unaware of the unforeseeables that often fade much of the blue from a blue chip. The vast untapped market for air conditioning in all its phases will inevitably intensify the competition already in effect, and increasing. But, as I appraise the components of technical knowledge and sales enterprise that make up the Carrier organization, I am not lacking in confidence that the leadership in this field now established will continue. The common stock has recently moved to a price level which may amply be discounting the optimism of Mr. Wampler, as he is quoted, but from a longer term appraisal, Carrier will be my choice as a means of participation in a vast and growing enterprise.

Commemorating the 50th, or Golden Year of the industry, Margaret Ingels, an associate of the founder of Carrier for upwards of 33 years, wrote in tribute to him the book "Willis Haviland Carrier — Father of Air Conditioning." Its final thoughts so aptly serve as a conclusion of this discussion that, with the permission of the company, they are being quoted here: "Willis Carrier had many dreams for the industry he founded. Some of these seemed almost fantastic at the time. Most of his dreams came true, however, — and during his lifetime. A few — like the air conditioned streets he once prophesied and the air conditioning of whole cities from a central plant — have not come yet. But who can say that, in the air conditioned world of tomorrow they will not come. And even greater things than these!"

Carrier Corporation common is listed on the New York Stock Exchange.

HAZEL ZIMMERMAN

Los Angeles, Calif.

Correction on New York Central's "Guaranteeds"

In a telegraphic communication to the "Chronicle" Miss Zimmerman advises us that through inadvertance some figures in her article in our issue of April 2 stand in need of correction. Therein she states that 77.2% of the total value of John Hancock Life Insurance Company's common stock investments was represented by industrial and miscellaneous stocks. Bonds comprise 69% of total assets vs. 79% four years ago. Seventy-three million is divided between Guaranteed rails and preferreds.

Arthur V. King Joins F. L. Putman & Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Arthur V. King has become associated with F. L. Putman & Co., Inc., 77 Franklin Street, members of the Boston Stock Exchange. Mr. King who has been in the investment business in Boston for many years, has recently been with du Pont, Homsey & Company and A. C. Allyn & Co.

Arthur W. Hughes Joins Hayden, Stone & Co.

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Maine—Arthur W. Hughes has become associated with Hayden, Stone & Co., 477 Congress Street. Mr. Hughes was formerly local Manager for Harris, Upham & Co. and prior thereto for Hunnewell & Co.

Woolfolk & Shober Add

(Special to THE FINANCIAL CHRONICLE)

NEW ORLEANS, La.—Emmett C. Craig has been added to the staff of Woolfolk & Shober, 839 Gravier Street, members of the New Orleans Stock Exchange.

Estabrook Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — William M. Taussig has joined the staff of Estabrook & Co., 15 State Street, members of the New York and Boston Stock Exchanges.

Continued from first page

Utilities Favored as Funds Increase Liquidity

race to keep the majority of its citizens "healthy and wealthy." At the same itme, they very frequently "took out some insurance," by adding that world conditions in the foreseeable future cautioned a not too drastic slackening in the armaments build-up anyway. For example William A. Parker, President of Incorporated Investors, says in his quarterly report to shareholders:

". . . The management of Incorporated Investors does not go along with the idea that spending for defense is necessary for a full and prosperous economy. We do not accept—and did not accept in the pre-Korean days—the theory that America was headed for a depression which only a huge armament program could avert. . . . In our opinion, if there had been no Korean war we would still be prosperous. . . . No matter how favorable the climate may appear for a better accord between the East and West, negotiations for a settlement of all present conflicts will take several years. There is Korea, Indo-China, the satellite nations. There is the problem of Austria and Germany. It is unthinkable that during the years necessary for negotiations the United States and the other free nations will relax their defense efforts."

Oils Still Popular

Thus, in spite of a certain shift into groups traditionally regarded as storm cellars for a downturn in the business cycle, oils were the second most popular issues during this quarter as in the previous period. But buying enthusiasm waned somewhat and was 30% under that of the last three months of 1952. A limited number of issues were switched in several portfolios. Adams Express sold Gulf and Standard of New Jersey, while adding to holdings of Humble and making a new commitment in Skelly. Adams' "satellite," American International, duplicated these transactions, but also eliminated Texas Co. Transactions were divided in Amerada during the quarter under review. National Investors added 500 and State Street 4,000 shares while two Axe-Houghton Funds sold a combined total of 400 shares and Wall Street Investing Corp. disposed of a block of 500. This latter fund and Axe-Houghton Fund "A," pursuant to general management and diversification policies, have followed a studied program of cutting back their percentage of oil holdings over the last 12 months. In certain quarterly periods no sales were made, but holdings in other industries were increased with new cash. This is the way the oil picture looked since a year ago March in the two portfolios:

Percentage Net Assets Invested in Oils

	End of Quarter				
	Mar. 1952	June 1952	Sep. 1952	Dec. 1952	Mar. 1953
Axe-Houghton Fund "A"	12.2%	10.1%	6.7%	5.7%	3.8%
Wall Street Investing Corp.	17.2	16.8	14.0	13.3	10.7

Continental Oil was the favorite in the petroleum group during the period, five managements acquiring a total of 17,700 shares. Decreases in two portfolios totaled 12,300 shares. Sinclair was the second ranking issue in popularity with 28,000 shares added by four funds; another trust eliminated the issue while a sixth lightened its holdings. Phillips Pete, second most popular company in the group during the previous December period, now ranked number three as a total of 7,000 shares was added to three portfolios. Socony Vacuum shared popularity with Phillips as during the preceding quarter. Anderson-Prichard, Hancock Oil "A" and Standard of California (the favorite of eight trusts in the last three months of 1952) were each acquired by two managements. J. Ray McDermott and Co., Inc. was a newcomer in the portfolios of Incorporated Investors and American European Securities.

Selling in the oils was concentrated on Standard of New Jersey as six trusts disposed of 41,919 shares. Two purchases totaled 4,860 shares. Atlantic Refining was also unpopular, a total of 13,300 shares being eliminated from three portfolios and lightened in another. There were no purchases either in the current nor preceding quarter, when this issue was the least popular in the group. One management also sold out its holdings of Cities Service while a second decreased its commitment. Opinion was fairly well divided both on Gulf and Texas Co.

Rail, Chemical, and Building Issues Favored

Rails, chemicals and building stocks continued among the top favorites, as during the December quarter, but purchase transactions in each group decreased about the 20% average for the period. Although still well-liked, buying was off almost 30% in the electrical equipments, but the steel and industrial machinery issues, maintaining the same interest for managements as during the last three months of 1952, moved up to rank in the exclusive first ten industry groups. (It should be mentioned that selling transactions nevertheless doubled in the steels.) Buying enthusiasm was about cut in half in the auto and auto parts division, splitting opinion fairly evenly between the bulls and bears. Opinion was also mixed on the textiles, while the only group to be sold on balance was the metals and mining industry.

There was little change from the preceding quarter in the *number* of investment companies buying and selling on balance. About half of the funds covered in this survey bought, one-sixth sold, and the other one-third evened out commitments on either side of the market. But almost a dozen more trusts did increase their cash during the current quarter than in the last three months of 1953.

Let us see the reasoning for the increase in liquidity as reflected in the quarterly statements of two of these companies. The trustees of New England Fund stated to their shareholders on April 30 (Report of March 31):

"The first quarter of 1953 witnessed two historic events, new governments in both the United States and Russia, whose influence will alter history for years to come. Resulting major changes in domestic and foreign policies will require continued study in order to measure their effect on all classifications of investments. The great technical advances of World War II and the subsequent research expenditures are not yet all assimilated into the civilian economy. Still ahead of us is the peacetime application of atomic energy. These tremendous events and potential developments suggest a reversal of the tide carrying us toward more inflation and more wars. Although the horizon is clearing, such reversals are seldom made painlessly. The delicate balance of our national economy at times may seem threatened by policies correcting the excesses of the past in the interest of a sounder future. *In the face of these dynamic forces your trustees continue to maintain a highly liquid reserve* [our italics], both as a protection against sudden market changes and as a source of ready investment cash for unusual investment opportunities."

And the increase in the defensive position of the Johnston Mutual Fund is explained by Douglas T. Johnston, President, in this manner: ". . . We do not anticipate any major cut-back in armament expenditures even if an armistice is reached in Korea, but the evidence is increasing that this important stimulant to the business boom has reached a peak and is leveling off. On the favorable side, a further stretching out of the defense program should increase the prospects of a reduction in both corporate and individual income taxes this year. [But] there are other signs which indicate we are approacning tne top of the business cycle. Debt is rising and credit is steadily tightening. Costs are up and profit margins are narrowed. There is some question how long the economy can continue to absorb the current rate of production of a number of important industries. Under these conditions the managers of your fund are continuing the policy of gradually increasing its defensive position."

Seven-Year Span

In taking cognizance of this 25th number of the quarterly portfolio analysis, it is interesting to note that in the first survey, rather lengthy observations were made of the increasing liquidity of several companies on and following the end of the March, 1946 quarter. Tremendous strides have been made, in particular by the open-end companies, over this seven-year span. Although in part due to a higher level of

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Changes in Common Stock Holdings of 44 Investment Management Groups

(December 31, 1952-March 31, 1953)

Transactions in which buyers exceed sellers—or sellers exceed buyers—by two or more management groups. Issues which more managements sold than bought are in italics. Numerals in parentheses indicate number of managements making entirely new purchases or completely eliminating the stock from their portfolios.

—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
		Agricultural Equipment:		
3(2)	7,100	Caterpillar Tractor	7,100	1
5	36,300	Deere and Co.	11,400	3(1)
1	*9,000*	*J. I. Case*	*49,500*	*4(2)*
		Auto and Auto Parts:		
5(2)	6,200	Borg Warner	19,200	2
2(1)	18,500	Briggs Manufacturing	None	None
4(1)	24,000	General Motors	5,600	2
2(1)	9,300	Standard Steel Spring	None	None
2(1)	20,100	Timken Detroit Axle	None	None
None	*None*	*Bendix Aviation*	*4,300*	*3(1)*
3	*10,000*	*Chrysler*	*39,500*	*8(6)*
None	*None*	*Eaton Manufacturing*	*8,400*	*2*
None	*None*	*Electric Storage Battery*	*5,700*	*2*
		Aviation:		
3(1)	6,000	American Airlines	None	None
4(2)	8,700	Boeing Airplane	100	1(1)
2(1)	*7,900*	*Douglas Aircraft*	*5,600*	*4(1)*
		Beverages:		
2(1)	5,000	National Distillers	None	None
		Building Construction and Equipment:		
2(1)	1,800	Armstrong Cork	None	None
3(3)	24,000	Carrier Corp.	None	None
2	2,500	Celotex Corp.	None	None
4(1)	15,000	Flintkote	None	None
2	3,000	Glidden	None	None
3(2)	4,400	Lone Star Cement	None	None
9(4)	130,980	National Lead [1]	4,500	1
2	500	Sherwin Williams	None	None
2	6,200	Simmons Co.	None	None
2(1)	1,450	Trane Co.	None	None
3(2)	5,250	United States Gypsum	3,600	1
4(3)	3,500	United States Plywood	None	None
None	*None*	*Affiliated Gas Equipment*	*21,000*	*2(2)*
None	*None*	*Alpha Portland Cement*	*2,400*	*2(1)*
None	*None*	*York Corp.*	*86,900*	*3(3)*
		Chemicals:		
3(1)	15,200	Air Reduction	2,000	1
2	1,900	Commercial Solvents	None	None
8(3)	74,000	du Pont	None	None
3(2)	16,500	Hercules Powder	None	None
4(1)	9,800	Monsanto Chemical	None	None
5(2)	21,500	Texas Gulf Sulphur	None	None
4(3)	15,400	Union Carbide and Carbon	None	None
1(1)	*2,500*	*Mathieson Chemical*	*17,900*	*5(4)*
		Containers and Glass:		
5(2)	25,700	American Can	32,900	2(1)
3	20,000	Emhart Manufacturing [2]	None	None
		Drug Products:		
3(2)	4,600	Abbott Laboratories	None	None
4(1)	11,400	Colgate-Palmolive-Peet	1,166¾	2
4	4,600	McKesson and Robbins	300	1(1)
6	19,775	Merck and Co.	40,900	4(2)
4(1)	9,040	Chas. Pfizer and Co.	None	None
None	*None*	*Bristol-Myers*	*32,000*	*2(2)*
		Electrical Equipment:		
8(1)	14,600	General Electric	None	None
3	3,000	Philco Corp.	None	None
6(1)	27,300	Sylvania Electric	500	1
5(3)	11,500	Westinghouse Electric	800	2(1)
None	*None*	*Motorola*	*4,200*	*3(1)*
1(1)	*2,000*	*Zenith Radio*	*3,200*	*3*
		Financial, Banking and Insurance:		
3(1)	7,367	Aetna Life Insurance [3]	None	None
3(2)	4,500	American Re-Insurance Co.	None	None
3	9,550	Bank of Manhattan [4]	None	None
3(1)	12,900	Home Insurance Co.	None	None
5(1)	9,560	Household Finance Corp.	None	None
2	5,600	Marine Midland	None	None
4(1)	35,860	Maryland Casualty Co. [4a]	None	None
2(1)	8,300	Natl. City Bank of Cleveland [5]	None	None
9(1)	11,205½	Natl. City Bank of New York [6]	312½	1(1)
3	20,080	Traders Finance "A" [7]	None	None
2(1)	37,000	Transamerica Corp.	None	None
6	6,430	U. S. Fidelity & Guaranty [8]	1,530	2
None	*None*	*General Reinsurance*	*1,900*	*2*
		Food Products:		
2	10,500	Archer-Daniels-Midland	None	None
2(1)	8,000	Continental Baking	None	None
6(2)	25,500	United Fruit	12,500	1(1)
		Machinery and Industrial Equipment:		
3(2)	15,500	Bucyrus-Erie	500	1
6(1)	5,700	Combustion Engin.-Superheater	2,500	2(1)
4(1)	3,800	Food Machinery & Chemical	None	None
None	*None*	*Black and Decker*	*1,030*	*2*
None	*None*	*Doehler-Jarvis Corp.* [9]	*120,600*	*9(9)*
None	*None*	*Ingersoll Rand*	*9,000*	*3(1)*
1(1)	*13,000*	*Joy Manufacturing*	*11,100*	*3(1)*
1	*2,600*	*National Acme*	*7,700*	*4(1)*

—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
		Metals and Mining:		
6(1)	40,600	Phelps Dodge	21,300	2(1)
3(1)	10,600	Pittsburgh Consolidation Coal	700	1
1(1)	*1,000*	*Aluminum Co. of America*	*5,300*	*4*
None	*None*	*Hudson Bay Mining & Smelting*	*35,500*	*3(1)*
1	*2,000*	*International Nickel*	*6,400*	*3(1)*
None	*None*	*St. Joseph Lead*	*1,100*	*2(1)*
		Natural Gas:		
6(2)	17,300	American Natural Gas	500	1
5(3)	31,500	Columbia Gas System	42,113	2(2)
4(1)	47,375	El Paso Natural Gas [11a]	500	1
2	3,000	Mississippi River Fuel	None	None
1	*17,400*	*Northern Natural Gas*	*8,500*	*3(1)*
		Office Equipment:		
3(1)	569½	International Business Machines	None	None
		Paper and Printing:		
6(1)	6,100	International Paper	3,500	3(2)
2	1,540	Mead Corp.	None	None
1	*7,000*	*Rayonier*	*20,300*	*5(3)*
		Petroleum:		
2	4,000	Anderson-Prichard Oil	None	None
5	17,700	Continental Oil (Del.)	12,300	2
2	9,000	Hancock Oil "A"	None	None
3(1)	137,000	Interprovincial Pipe Line [10]	5,060	1
2(2)	80,000	J. Ray McDermott & Co., Inc.	None	None
6(4)	28,600	Mission Development Co. [11]	2,000	2(1)
3	7,000	Phillips Petroleum	1,900	1
4	28,000	Sinclair Oil Corp.	29,300	2(1)
3	15,300	Socony Vacuum Oil	4,400	1(1)
2	26,100	Standard Oil of California	None	None
None	*None*	*Atlantic Refining*	*13,300*	*4(3)*
None	*None*	*Cities Service*	*1,900*	*2(1)*
2	*4,860*	*Standard Oil of New Jersey*	*41,918*	*6*
		Public Utilities:		
3(3)	12,443.24	Alabama Gas Corp. [12]	None	None
15	286,436	American Gas & Elec. [13] (new)	40,935	5
		(old)	1,100	2(2)
8(3)	12,750	American Tel. and Tel. [13a]	1,200	2
3(1)	59,900	Arizona Public Service	None	None
6	8,245	Carolina Power and Light [14]	3,500	1
4	23,800	Columbus & Southern Ohio Elec.	10,000	1
5(1)	18,900	Consolidated Edison of N. Y.	10,300	1(1)
11(1)	66,170	Consumers Power [15]	None	None
4(1)	55,487	Florida Power Corp.	None	None
6	49,850	General Public Utilities	16,700	3(1)
4(1)	25,330	General Telephone Co. [16]	5,000	1
2	2,000	Idaho Power Co.	None	None
4(1)	18,200	Illinois Power	6,900	1(1)
2	13,800	Interstate Power Co.	None	None
2	17,025	Kansas Gas and Electric	None	None
2(1)	11,400	Kansas Power and Light	None	None
4(2)	21,100	Louisville Gas & Electric [16a]	200	1(1)
3	20,200	New England Electric System	None	None
2	2,200	New England Tel. and Tel.	None	None
12(3)	65,070	Niagara Mohawk Power [17]	36,360	4(1)
3(2)	91,000	Northern States Power (Minn.)	None	None
13(1)	22,257	Ohio Edison [18] (old)	4,500	1(1)
2(1)	8,480	Oklahoma Gas & Electric	None	None
5(1)	17,300	Pacific Gas and Electric	3,000	1
2(1)	11,100	Pacific Lighting	None	None
2(1)	2,200	Pennsylvania Power & Light	None	None
5(3)	65,000	Public Service Electric & Gas	None	None
6(2)	28,700	Southern California Edison	None	None
3(1)	15,900	Utah Power and Light	500	1
9(1)	15,606	West Penn Electric [19]	None	None
None	*None*	*Central and Southwest Corp.*	*23,800*	*3(1)*
2	*5,700*	*Middle South Utilities*	*21,400*	*5(2)*
2(1)	*11,100*	*North American Co.*	*31,400*	*5(4)*
2(1)	*6,500*	*Texas Utilities*	*9,500*	*4(4)*
1	*3,600*	*Union Electric of Missouri*	*15,150*	*6(4)*
None	*None*	*Virginia Electric & Power*	*34,600*	*3(2)*
None	*None*	*Washington Water Power*	*5,300*	*4(3)*
1	*26,500*	*Wisconsin Electric Power*	*18,800*	*3*
		Radio and Amusement:		
5(5)	93,500	Amer. Broad.-Param'nt Thea. [20]	1,000	1
3(1)	5,000	Columbia Broadcasting "B"	None	None
2(1)	5,300	Paramount Pictures Corp.	None	None
None	*None*	*Un. Paramount Theatres, Inc.* [20]	*93,500*	*5(5)*
		Railroads:		
6(2)	14,800	Atchison, Topeka & Santa Fe	2,300	2(1)
4(2)	7,600	Atlantic Coast Line	600	1
4(1)	26,400	Chesapeake and Ohio	None	None
7(3)	6,300	Great Northern Pfd.	12,600	3(2)
2(1)	2,600	Kansas City Southern	None	None
4	9,500	N. Y., Chicago and St. Louis	10,500	2
2	1,500	Norfolk and Western	None	None
3(1)	13,500	Northern Pacific	None	None
7(2)	20,600	Southern Pacific	8,500	4
None	*None*	*Canadian Pacific*	*1,200*	*2*
2(2)	*700*	*Chicago, R. I. and Pacific*	*13,100*	*4(2)*

—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
Railroad Equipment:				
2	1,500	General American Transport	None	None
Retail Trade:				
2	8,000	American Stores Co.	None	None
2(2)	14,000	Food Fair Stores	None	None
2	7,000	Grant (W. T.) Co.	None	None
2	7,200	Green (H. L.) Co.	None	None
3(1)	3,400	Murphy (G. C.) Co.	None	None
2(2)	64,100	Simpson's, Ltd.	None	None
Rubber and Tires:				
3(1)	18,700	Firestone	8,000	1
3	3,100	Goodrich	200	1(1)
6(1)	23,650	Goodyear	11,160	4
4(2)	8,100	United States Rubber	22,100	
Steels:				
6(3)	30,000	Armco Steel	2,500	2(1)
7(4)	14,200	Bethlehem Steel	4,100	3(2)
6(2)	29,500	United States Steel	26,000	2
1	*400*	*Allegheny Ludlum Steel*	*490*	*3*
None	*None*	*Vanadium Corp.*	*1,000*	*3(2)*
2	*1,700*	*Youngstown Sheet & Tube*	*8,400*	*4(3)*
Textiles:				
7(2)	28,300	American Viscose	5,700	2
6	11,500	Stevens (J. P.) Co.	500	1
1(1)	*1,000*	*Burlington Mills*	*38,500*	*4*
2	*5,000*	*Celanese Corp. of America*	*35,100*	*6(5)*
Tobaccos:				
9(2)	42,400	American Tobacco	300	2(1)
3(1)	3,200	Liggett and Myers	200	1(1)
2(1)	5,300	P. Lorillard and Co.	None	None
6(2)	77,000	Reynolds Tobacco	900	2(1)
2(1)	*3,900*	*Philip Morris*	*10,900*	*4(2)*
Miscellaneous:				
2(1)	2,200	The Gillette Co.	None	None

FOOTNOTES

1 114,980 shares received in exchange for Doehler-Jarvis.
2 15,400 shares represent 2 for 1 split-up plus 20% stock dividend.
3 Stock distribution of 50% equals 2,867 shares.
4 Acquired through rights. Basis: 1 for 10.
4a Part acquired with rights.
5 Part purchased through rights.
6 8,616⅓ shares received as stock dividend. One share for each 24 held.
7 13,200 shares received in 2 for 1 split-up.
8 2,530 shares represent 10% stock dividend.
9 100,900 shares exchanged for National Lead by six managements.
10 120,000 shares received from 10 for 1 split-up.
11 Distribution from Mission Corp. Basis: 1 for 10.
11a 11,125 shares purchased through rights. Basis: 1 for 4.
12 Distributed by Southern Natural Gas.
13 Excluding 390 shares represents 2 for 1 split-up plus 2½% stock dividend.
13a 10,000 shares converted from 3½s of 1964.
14 Stock dividend of one share for each 20 equals 2,795 shares.
15 1,100 shares received as distribution from United Gas Improvement. Minor percentage purchased through rights. Basis: 1 for 10.
16 13,530 shares converted from 4¾% preferred.
16a Part bought through rights. Basis: 1 for 7.
17 2,200 shares spun off by United Gas Improvement.
18 17,157 shares purchased through rights. Basis: 1 for 10.
19 10,705 shares acquired through exercise of rights. Basis: 1 for 15.
20 87,000 shares received in exchange for United Paramount Theatres, Inc.; 6,500 shares exchanged for American Broadcasting.

NOTE—This survey covers 62 investment companies, but purchases or sales of funds sponsored by the same management are treated as a unit. For example, the several funds sponsored by J. and W. Seligman are considered as having the weight of one manager. Individual portfolio changes of Loomis-Sayles Mutual Fund are not surveyed, but those of Overseas Securities (which does not appear in the companion table) are included.

SUMMARY

Excess of Net Portfolio Purchases or Sales of 59 Investment Companies

	Bought	Sold	Matched	Total
Open-End Companies:				
Balanced Funds	13	5	3	21
Stock Funds	17	3	8	28
Closed-End Companies	1	1	8	10
Totals—All Companies	31	9	19	59

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Utilities Favored as Funds Increase Liquidity

prices for common stocks, growth of the mutuals has perhaps constituted the most active spot in the financial field. According to figures furnished by the National Association of Investment Companies, total net mutual fund assets of $1,417 million on March 31, 1946 compared with $3,968 million on March 31, 1953. This is an increase of almost three-fold. But especially interesting is the more rapid growth of so-called balanced funds in relation to the common stock funds and bond and specialty companies. The phenomenal growth of the open-end balanced companies in the short seven-year period covered by these surveys can best be appreciated by a comparison of the present net assets of ten of the largest of these funds with figures for the beginning of the period.

Total Net Assets Ten Large Balanced Funds
(Thousands of dollars)

	—End of March— 1946	1953
Axe-Houghton Fund "A"	$6,322*	$30,665
Axe-Houghton Fund "B"	1,062	28,116
Boston Fund	22,379	92,307
Commonwealth Investment	2,514†	62,266
Eaton & Howard Balanced	22,132	96,266
Investors Mutual	86,851	451,125
National Securities—Income	9,989	30,297
George Putnam Fund	18,151	63,761
Scudder Stevens and Clark	22,883†	39,635
Wellington Fund	30,975	253,722
Totals	$223,258	$1,148,160

*Jan. 31, 1946. †Dec. 31, 1945.

Another trend in mutuals over the period has been a decrease in the special industry series type of funds, but of course to this there is the qualification that two new funds devoted entirely to single industries, Television Electronics and Gas Industries, have been notably successful in merchandising their shares. Wide public demand has also attended four new funds specializing in companies in specific geographic areas, three in Canada and one in Texas. There also has been a spate of new companies or transformation of old companies concentrating portfolios in so-called growth companies.

General adoption of cumulative purchase plans and dividend reinvestment arrangements has occurred during the seven-year span of these surveys, providing still another very important incentive for investor acceptance. Certain funds have decreased acquisition costs on larger purchases, while others have permitted regular quantity discounts to a single purchaser or fiduciary providing all purchases are made or are to be made within one year. Several investment counsel firms have organized mutuals during the period without any acquisition costs at all, after the model of the older Loomis-Sayles and Scudder Stevens and Clark funds, thus making about a dozen of such funds now available.

Another development during the period of seven years has been the increased legal acceptance of funds for trustees. Approximately one dozen—a quarter of all state jurisdictions — have approved through legislation partial or complete use of these companies for fiduciaries under prudent man concepts. The funds might well add even to their present increasing acceptance by the investor in one particular respect in which it seems to this writer they have been somewhat remiss. By presenting a clearer picture of their different objectives and devising more detailed and refined classifications based on such definitions the investor will be assured that the particular investment company will fit his needs.

"New Faces"

New faces to appear in portfolios during the current quarter included the following: William S. Moore, Inc., convertible debentures, purchased by Axe-Houghton A and B funds; Okonite Co. and Federal Paper Board acquired by Axe B; two insurance companies—Kansas City Life bought by Boston Fund, and Life Insurance Co. of Virginia by Eaton and Howard Stock Fund; Iron Fireman added to the portfolio of

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Utilities Favored as Funds Increase Liquidity

the Dreyfus Fund; Wonder Rice Mills purchased by Investors Mutual; National Aluminate acquired by Wisconsin Investment Co.; Ultrasonic Corp. bought by Axe-Houghton Stock Fund; P. R. Mallory preferred added to the holdings of Investment Co. of America; Laclede Christy Co. purchased by the Stock series of National Securities; Commonwealth Oil Co. added by State Street Investment Corp.; and common stock valued at approximately $1 million of Simpson's, Ltd. acquired by General American Investors and the Lehman Corp.

Buying of the utilities was featured by the addition to nine portfolios and initial commitment in three others, of 65,070 shares of Niagara Hudson Power Corp. One block of 2,200 shares represented a distribution from United Gas Improvement and part of the other additions were subscribed to in the offering made during the quarter. Four sales totaled 36,360 shares. Consumers Power was another top favorite in the group although one block here also was distributed by United Gas Improvement while several others were acquired through the exercise of rights. 66,170 were bought with no portfolio decreases. American Telephone was added to the holdings of four trusts and initially purchased by two others. A seventh block was received on conversion of the 3½s of 1964. A trickle of liquidation appeared among the holdings of two companies. A. T. & T. and General Public Utilities were second ranking favorites in the previous quarter and GPU also shared popularity with the major communications issue in the three months' period under review. Six managements acquired a total of 49,850 shares. Southern California was liked by an equal number of funds, several subscribing to the new stock made available in the current offering. Five funds each liked Consolidated Edison of New York, Pacific Gas and Electric and Public Service Electric and Gas, the latter electric company also being offered publicly during the quarter. A total of 18,900 shares of Edison, 17,300 of Pacific Gas and 65,000 shares of Public Service were added to portfolios. Columbus and Southern Ohio Electric, Florida Power Corp., Louisville Gas and Electric and Ohio Edison (the latter two partly through rights), and the Southern Co. were each bought by four trusts.

Power and Light Liquidation

Sales of the power and light issues were featured by liquidation in six portfolios of Union Electric of Missouri received in the December quarter as a distribution from North American. This latter company was also currently eliminated from four portfolios and lightened in a fifth. Sales totaled 31,400 shares. Five funds also disposed of 21,400 shares of Middle South Utilities. Texas Utilities was completely sold out of four portfolios while Washington Water Power, previously spun off by Electric Bond and Share, was eliminated by three managements and decreased by another. Three companies sold a total of 23,800 shares of Central and Southwest Corp., the least popular issue in the previous three months' period, while a like number of trusts disposed of Virginia Electric and Power and Wisconsin Electric Power. Lehman Corporation eliminated its holding of 100,000 shares of Middle West Corp.

Great Northern preferred and Southern Pacific shared honors as the most popular issues in the carrier group. 6,300 shares of the former were initially acquired by three trusts and added to the holdings of four others while 20,600 shares of Southern Pacific were newly committed to two portfolios and increased in five others. Santa Fe, second most popular issue in the December quarter, was bought by six managements for a total of 14,800 shares. Two offsetting sales equaled 2,300 shares. Atlantic Coast Line, Chesapeake and Ohio and Nickel Plate were each acquired by three funds. The latter carrier had been the favorite in the previous period. Northern Pacific was liked by three trusts, and two each bought Kansas City Southern and Norfolk and Western. Sales were fairly well scattered but predominated in Rock Island. 13,100 shares were eliminated from two portfolios and lightened in two others. Offsetting were two relatively small initial commitments. Two blocks of Canadian Pacific were disposed of, this rail being the lone issue noticeably in disfavor during the previous quarter. There was a division of opinion on Pennsylvania and New York Central.

Carrier Corp. was the outstanding issue in the building division, three managements making initial commitments totaling 24,000 shares. One of these management purchases was made by two Seligman-sponsored trusts — Tri-Continental and National Investors—which both eliminated holdings of York. Flintkote and United States Plywood were also well liked, four trusts acquiring 15,000 shares of the former and 5,250 shares of the latter. There were no offsetting sales. Three funds each favored Lone Star Cement and United States Gypsum, the latter having been the most popular building issue during the last quarter of 1952. Also bought by two companies were Armstrong Cork, Celotex, Glidden, Sherwin Williams, Simmons and Crane. Two other management groups eliminated York Corp. in addition to the Tri-Continental Corp. sales; and Alpha Portland Cement was also sold on balance. Nine managements added stock of National Lead during the period, but most of this was exchanged through merger with Doehler-Jarvis. Bullock Fund and National Investors disposed of their entire holdings of Affiliated Gas Equipment received through direct placement arranged by Reynolds and Co. three years ago. With the exception of investments acquired by companies managed by Investors Diversified Services and the distribution of Georgia Pacific Plywood in the latter part of 1951, there apparently have been very few direct placements of any consequence to be made with the open-end companies.

Du Pont Favored

Du Pont was easily the favorite stock in the chemical group, three

Balance Between Cash and Investments of 61 Investment Companies

End of Quarterly Periods December, 1952 and March, 1953

	Net Cash & Gov'ts Thousands of Dollars —End of—		Net Cash & Gov'ts Per Cent —End of—		Invest. Bonds & Preferred Stocks Per Cent * —End of—		Com. Stks. Plus Lower Grade Bonds & Pfds. Per Cent —End of—	
	Dec.	Mar.	Dec.	Mar.	Dec.	Mar.	Dec.	Mar.
Open-End Balanced Funds:								
American Business Shares	8,220	8,200	21.2	21.8	28.3	28.0	50.5	50.2
**Axe-Houghton Fund "A"	2,995	5,730	10.1	18.7	24.4	25.3	65.5	56.0
Axe-Houghton "B"	1,329	956	4.8	3.4	25.8	27.9	69.4	68.7
Boston Fund	3,647	2,059	3.9	2.2	39.2	41.0	56.9	56.8
Commonwealth Investment	3,578	3,176	5.9	5.1	25.1	23.9	69.0	71.0
Diversified Investment Fund—Diversified Funds, Inc.	712	425	2.1	1.3	23.8	25.0	74.1	73.7
‡Dreyfus Fund	353	140	26.5	9.4	8.3	11.5	65.2	79.1
Eaton & Howard Balanced	8,030	8,138	8.5	8.5	28.9	30.9	62.6	60.6
Fully Administered Fund—Group Secs.	3,286	2,338	48.6	35.3	8.8	8.7	42.6	56.0
General Investors Trust	345	321	14.7	13.8	10.9	10.9	74.4	75.3
Investors Mutual	9,850	4,526	2.3	1.0	31.1	32.5	66.6	66.5
Johnston Mutual Fund	273	331	14.0	15.2	21.0	23.2	65.0	61.6
§Mutual Fund of Boston	37	20	1.7	1.0	38.1	39.4	60.2	59.6
National Securities—Income	958	1,003	3.3	3.3	16.4	15.7	80.3	81.0
Nation Wide Securities	3,274	4,375	16.3	22.0	25.4	25.6	58.3	52.4
George Putnam Fund	4,474	4,254	7.2	6.7	23.1	21.8	69.7	71.5
Scudder, Stevens & Clark	5,236	5,452	13.2	14.0	31.8	34.4	55.0	51.6
Shareholders Trust of Boston	489	283	5.6	3.2	23.4	24.4	71.0	72.4
Wellington Fund	20,471	27,250	8.3	10.7	27.1	26.4	64.6	62.9
Whitehall Fund	65	120	2.4	4.4	45.2	46.1	52.4	49.5
Wisconsin Investment Co.	900	636	17.5	12.3	7.6	6.2	74.9	81.5
Open-End Stock Funds:								
Affiliated Fund	3,101	5,624	1.3	2.3	0.1	None	98.6	97.7
¶Axe-Houghton Stock Fund	290	664	4.7	10.6	23.0	23.2	72.3	66.2
Bowling Green Fund	127	131	16.2	17.5	19.5	18.5	64.3	64.0
Blue Ridge Mutual Fund	937	714	4.2	3.4	None	None	95.8	96.6
Broad Street Investing	1,017	1,584	3.3	5.0	4.9	5.8	91.8	89.2
Bullock Fund	1,345	792	10.8	5.3	0.1	0.2	89.1	94.5
**Delaware Fund	350	545	2.3	3.5	4.7	4.4	93.0	92.1
Dividend Shares	13,624	12,236	11.4	10.4	None	None	88.6	89.6
Eaton & Howard Stock	766	1,295	4.5	7.2	1.0	1.0	94.5	91.8
Fidelity Fund	3,800	3,156	4.5	3.7	1.2	0.6	94.3	95.7
Fundamental Investors	3,121	3,112	2.1	2.1	None	None	97.9	97.9
General Capital Corp.	2,843	3,036	19.8	21.3	None	None	80.2	78.7
Group Securities—Common Stock Fund	375	87	7.6	1.6	None	None	92.4	98.4
Incorporated Investors	7,807	7,728	5.7	5.8	None	None	94.3	94.2
**Institutional Shares—Stk. & Bd. Group	42	102	1.9	4.5	15.2	15.4	82.9	80.1
Investment Co. of America	3,732	4,518	16.7	19.5	0.5	0.5	82.8	80.0
Investors Management Fund	288	291	2.0	2.1	None	None	98.0	97.9
**Knickerbocker Fund	7,073	8,376	42.6	50.5	4.3	4.1	53.1	45.4
Loomis-Sayles Mutual Fund	8,344	8,040	28.3	26.2	22.0	21.8	49.7	52.0
Massachusetts Investors Trust	12,377	12,298	2.4	2.4	None	None	97.6	97.6
Massachusetts Inv. Growth Stock Fund	NA	1,001	NA	2.4	NA	None	NA	97.6
Mutual Investment Fund	298	315	11.8	11.7	33.6	34.7	54.6	53.6
National Investors	972	304	3.1	1.0	None	None	96.9	99.0
National Securities—Stock	3,025	2,541	5.4	4.1	None	None	94.6	95.9
**New England Fund	1,436	1,856	22.5	28.7	6.7	5.5	70.8	65.8
Selected American Shares	1,838	1,895	6.9	7.2	None	None	93.1	92.8
Sovereign Investors	5	10	0.8	1.5	4.8	4.8	94.4	93.7
State Street Investment Corp.	25,628	26,382	22.0	23.0	0.5	0.5	77.5	76.5
Wall Street Investing Corp.	782	781	20.9	21.4	None	None	79.1	78.6
Closed-End Companies:								
**Adams Express	3,097	2,871	5.7	5.4	0.8	0.9	93.5	93.7
American European Securities	183	928	1.4	7.5	12.5	6.3	86.1	86.2
**American International	737	708	3.0	3.0	1.2	1.5	95.8	95.5
Capital Administration	204	††	1.8	††	16.6	††	81.6	††
General American Investors	8,043	7,247	15.2	13.9	None	None	84.8	86.1
General Public Service	326	1,173	2.5	6.9	None	None	97.5	93.1
Lehman Corporation	18,083	18,596	11.8	12.4	None	0.1	88.2	87.5
National Shares Corp.	1,604	1,736	12.5	13.8	5.8	4.6	81.7	81.6
††Tri-Continental Corp.	1,243	2,116	0.7	1.2	14.5	15.1	84.8	83.7
†U. S. & Foreign Securities	2,543	2,606	4.1	4.4	None	None	95.9	95.6
U. S. & International Securities	5,157	5,331	7.9	8.5	0.1	0.1	92.0	91.4

*Investment bonds and preferred stock: Moody's Aaa through Ba for bonds; Fitch's AAA through BB and approximate equivalents for preferreds. †Portfolio exclusive of securities in subsidiary or associated companies. §Name changed from Russell Berg Fund. ‡Name changed from Nesbett Fund. ¶Name changed from Republic Investors. **December figures corrected. NA Not Available. ††Capital Administration merged into Tri-Continental Corp. effective April 8th; statement reported as of that date.

SUMMARY

Change in Cash Position of 59 Investment Companies

	Plus	Minus	Unchanged	Total
Open-End Companies:				
Balanced Funds	7	10	4	21
Stock Funds	14	7	7	28
Closed-End Companies	5	3	2	10
Totals—All Companies	26	20	13	59

trusts making initial commitments and five others adding to portfolios a total of 74,000 shares. There was no liquidation in this outstanding blue chip during either the current or previous quarter, at which latter time it had been the second most popular issue in the group. Nor was there currently any selling in Texas Gulf Sulphur, 21,500 shares of which were added to three portfolios and initially purchased for two others. Three funds also bought Air Reduction and Hercules Powder, two making new commitments in the latter. Commercial Solvents was also liked by two managements. The only concentrated selling was in Mathieson Chemical, four complete eliminations and one partial sale equaling 17,900 shares. One block of 2,500 shares was purchased.

Buying was fairly well scattered among several of the merchandising issues. G. C. Murphy was the leading retailer favored, but it was only acquired by three managements. Two funds each bought American Stores, Food Fair, Grant and Green, and there were two new commitments in Simpson's, Ltd., previously noted. Opinion was evenly divided on Allied Stores which had been top favorite for some time previously. There was also a division of sentiment on both Montgomery Ward and Sears Roebuck. Two companies eliminated a total of 5,500 shares of Ward, while a third made an initial commitment and a fourth added to portfolio holdings. the latter two purchases equaling 2,000 shares. One block of 5,300 shares of Woolworth was bought which was 100 shares short of the 5,400 share total acquired by three trusts in the previous quarter.

Buying of the electrical equipments was paced by General Electric, eight companies adding a total of 14,600 shares. Sylvania Electric was next best-liked issue in this division with Westinghouse a close runner up, 11,500 shares resulting from three new commitments and two portfolio additions. Three purchases of Philco totaled 3,000 shares. Three funds also each concentrated selling on Philco and Zenith. Activity was relatively light in Radio Corporation with opinion divided.

While the food stocks remained among the top ten favorite industry groups, buying was scattered among many issues. The only really concentrated purchasing occurred in United Fruit, four funds adding to holdings and two others making new commitments totaling 25,500 shares. Two purchases each were made in Archer-Daniels-Midland and Continental Baking. Selling was extremely light as in the previous quarter.

Bethlehem was the steel feature, a position which it had held during the last three months of 1952. Four managements made new commitments and three added stock to existing holdings, in all equaling 14,200 shares. 4,100 shares were eliminated from two portfolios and lightened in a third. United States Steel and Armco also again shared honors as second most popular issues, with Republic dropping out from this position occupied in the December, 1952, quarter as four purchases were almost countered by three sales. Six trusts acquired a total of 30,000 shares of Armco and 29,500 of Big Steel. Youngstown Sheet and Tube was eliminated from three portfolios and lightened in another, while Vanadium and Allegheny Ludlum were each sold by three managements. Buying of machinery companies continued at the previous quarter's pace but selling doubled, almost equaling the purchases. Combustion Engineering-Superheater was by far the favorite issue, finding favor with six investment funds. Food Machinery was liked by four trusts while Bucyrus-Erie was initially acquired by two and added to the holdings of another. Doehler-Jarvis was sold by three companies and exchanged for National Lead Shares by six others. Three managements also decreased holdings of Joy and Ingersoll Rand. Least popular issue in the division, however, was National Acme with a tally of four funds making sales during the period.

Natural Gas Transactions

American Natural Gas was the most popular stock in its group, six trusts buying 17,300 shares. Columbia Gas was a close second, three funds making new commitments and two adding to existing holdings. However, two large portfolio eliminations totaled 42,113 shares. El Paso Natural Gas was also well bought, although two of the four funds acquiring its stock confined purchases to those made through exercise of rights. Mississippi River Fuel was also bought by two managements while three others sold Southern Natural Gas.

Purchase of drugs was highlighted by six additions of Merck totaling 19,775 shares. Offsetting in part were four sales. Four trusts bought Pfizer, Colgate, and McKesson and Robbins, while three acquisitions of Abbott Laboratories totaled 4,600 shares. Elimination of Bristol-Myers from two portfolios equaled 32,000 shares. Two new commitments were made both in Continental and American Can, but three more funds added to their holdings of the latter major container company. Selling almost equaled purchases in the paper and printing equities, with International Paper easily the favorite in the group. Six managements acquired a total of 6,100 shares. Liquidation, concentrated in Rayonier, totaled 20,300 shares. The tobaccos were well bought as in the previous December quarter with American Tobacco the outstanding favorite in nine portfolios. Six funds acquired a total of 77,000 shares of Reynolds while both Liggett and Myers and Lorillard were also bought on balance. The one exception to this general approval of the tobacco stocks was the sale of four blocks of Philip Morris, although there were also two purchases of this issue.

The Aviation Issues

Buying was cut down considerably from the preceding quarter in the aviation issues. American Airlines was the only company favored in the transport group with opinion divided both on Eastern and United. Four managements bought Boeing on balance with a like number selling Douglas. Purchases were also sliced considerably in the auto and auto parts equities, totaling only half those of the December quarter and practically being matched by selling transactions. Four investment companies bought a total of 24,000 shares of General Motors, but Chrysler was eliminated from six portfolios and lightened in two others. Sales equaled 39,500 shares. Management opinion was about balanced on Studebaker, although sales totaled 41,000 shares. Among the parts suppliers and manufacturers, Borg Warner was liked by five trusts while Briggs, Standard Steel Spring and Timken Detroit Axle were each purchased by two managements. Bendix, Eaton Manufacturing and Electric Storage Battery were sold.

Finance and Insurance Companies

In the finance company group opinion was divided on both Commercial Credit and C. I. T. Financial, following the stock split of the latter. Household Finance, however, was bought on balance. Insurance companies were well liked as in the December quarter. Home, American Reinsurance, Aetna and United States Fidelity and Guaranty, after making due allowance for the stock distributions of the latter two, were particularly favored, but General Reinsurance was sold. Attention has been called to two new arrivals in portfolios — Kansas City Life and Life Insurance Co. of Virginia. Among commercial banks, four new additions were made of National City of New York plus the stock distributed as a dividend. Two purchases were made of Marine Midland, and also of Transamerica.

Goodyear was the favorite among the rubber stocks, six trusts buying 23,650 shares. Also well-liked were United States Rubber by four funds and Goodrich and Firestone each by three. Opinion was evenly divided on the textile issues. American Viscose was purchased by seven funds and J. P. Stevens by six, while selling was concentrated in six blocks of Celanese and four of Burlington Mills.

Aluminum of America featured the selling in the nonferrous group. Four companies disposed of a total of 5,300 shares. Three trusts sold International Nickel and Hudson Bay Mining and Smelting while there were two sales of St. Joseph Lead. Opinion was evenly divided—four to four — on Kennecott. Axe-Houghton Fund A, which was one of the sellers, purchased Phelps Dodge. This latter issue was the outstanding favorite in the group, six managements acquiring a total of 40,600 shares. Pittsburgh Consolidation Coal was also well liked by three funds. Buyers and sellers, as for some time in the past, continued at a virtual stalemate on Anaconda.

La Salle St. Women to Hold Dinner Meeting

CHICAGO, Ill.—La Salle Street Women will have a dinner meeting Tuesday, May 12, 6 p.m., at the College Club, 30 North Michigan Avene. Mr. Paul M. Angle, Director of the Chicago Historical Society, will speak on "The Historical Society."

Mr. Angle is one of the country's leading scholars and authorities on Lincoln data and has written several books on the subject of Abraham Lincoln. The Chicago Historical Society has gained stature and prestige under Mr. Angle's leadership and it now contains one of the largest collections of Lincolnia in the country.

Miss. Eleanor Karcher, of Channer Securities, will preside at the meeting.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

Wall Street real estate, which has been Government-owned since 1824, has just become the property of **The Seamen's Bank for Savings, of New York** it has been announced by Clarence G. Michalis, President and Chairman of the Board of the bank. The old U. S. Assay property, at 30-32 Wall Street, was transferred to the bank by the Government in exchange for the Ludwig Baumann Building at 210-220 Livingston Street, Brooklyn, in which the Bureau of Internal Revenue has been located for many years. The bank had completed the purchase of the Ludwig Baumann Building from the Elbeco Realty Corporation, subsidiary of "L. B. and Spear's," just prior to exchanging it for 30-32 Wall Street. Mr. Michalis announced that the final closing of the transaction was the culmination of more than five years of effort by the bank to obtain possession of the Assay Office property. The arrangement was ultimately concluded when The Seamen's Bank offered to exchange the Livingston Street property, and no other bids were received for the Government property. The bank on April 13 received permission from the State Banking Department to move its Main Office from its present building at 74 Wall Street to the newly-acquired location. The work of constructing the new Main Office quarters on the site of the Assay Office will start immediately. The Seamen's Bank for Savings has been located on Wall Street for all but two years since it was chartered in 1829. It has occupied several different buildings during that period, moving closer to Broadway each time. The new location at 30-32 Wall Street is in the center of the entire lower Manhattan area. The historic Sub-Treasury Building, where Washington was inaugurated as President of the United States in 1789, is next door. The Seamen's Bank for Savings reports resources of over $300,000,000.

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The election of M. B. Long to the Board of Trustees of **The New York Savings Bank of New York City** was announced on May 6 by the President, Richard L. Maloney, Jr. Mr. Long is Secretary and Treasurer of the Bell Telephone Laboratories, Incorporated.

* * *

Horace C. Flanigan, President of the **Manufacturers Trust Company, of New York** announced on May 1 that George V. McLaughlin, Chairman of the Executive Committee, intends to retire as of June 15 next. He will remain as a member of the Board of Directors and other committees of the Trust Company and as Chairman of its Brooklyn Advisory Board. Mr. McLaughlin was President of the **Brooklyn Trust Company** for over 20 years, prior to its merger with Manufacturers Trust Company. He was formerly Superintendent of Banks of the State of New York and Police Commissioner of New York City. He also served as President of the New York State Bankers Association in 1933-34 and is a member of the Advisory Council of New York Chapter, American Institute of Banking.

Presently he is Vice-Chairman of the Triborough Bridge and Tunnel Authority, Director of the Equitable Life Assurance Society, Trustee of Consolidated Edison Company, St. John's University and other private, charitable and civic organizations.

* * *

Irving Trust Company of New York on May 4 announced the appointment of John F. Childs as head of its Public Utility Department and his election as Vice-President. Mr. Childs succeeds Tom P. Walker, recently elected President and Director of Transcontinental Gas Pipeline Corp. Mr. Childs came to the Irving in 1940 from the investment firm of Dick & Merle-Smith. In 1946, after service as a Lieutenant Commander in the Navy, he aided in establishing the Irving's Public Utility Department. He has since specialized in problems of utility financing and financial relations and is the author or editor of a number of articles and hand books in these fields. He was elected an Assistant Vice-President in 1949. A graduate of Trinity College in 1931, he received the degree of M.S. from Trinity in 1932, of M.B.A. from Harvard Business School in 1933 and of LL.B. from Fordham University in 1946. He was admitted to the New York Bar in 1946.

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Oscar L. Chapman, former Secretary of the Interior, and Carlos Trouyet, industrialist and international financier of Mexico have been elected to serve on the Board of Directors of the **American Trust Company of New York**, 70 Wall Street. In making the announcement on May 3 Harvey L. Schwamm, President, stated that Mr. Chapman will also act as a consultant to the Bank. According to Mr. Schwamm "the election of Mr. Trouyet and Mr. Chapman solidifies the interests and strengthens the resources of the American Trust Company in dealing with the industrial, commercial and related problems in Mexico and the Caribbean area where the bank has for many years had substantial interests." Since leaving the cabinet in January, 1953, Mr. Chapman returned to the private practice of law in the firm of Chapman & Wolfsohn. He is also a Director of the Pennsylvania Coal & Coke Corporation. Mr. Carlos Trouyet resides in Mexico City where he serves on the directorate of many Mexican enterprises including banks, life insurance companies, industrial corporations and railroads.

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The election of Robert J. McGinty as an Assistant Treasurer of **The Marine Midland Trust Company of New York** has been announced by James G. Blaine, President. Mr. McGinty will be associated with the Division handling New York State. He was, until recently, an Assistant Secretary of **Chemical Bank & Trust Company**. Upon his graduation from Manhattan College in 1940, he became associated with the Chemical Bank & Trust Company until his entry into the Army in 1941. In 1946 he was released from active duty with the rank of Captain.

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Iver W. Bergquist has been appointed an Assistant Treasurer in the Herald Square office of the **Hanover Bank of New York.** Mr. Bergquist joined the Hanover in 1929. He previously had been with Socony-Vacuum Oil Co. and the Book of the Month Club. He has been associated with several of the bank's main office departments, including securities, loan, and trust securities, and was at one time with the Plaza office.

* * *

The Personal Credit Department of **The National City Bank of New York** celebrated on May 4 its 25th anniversary. A banquet at the Waldorf Astoria Hotel that night marked the event. Established May 4, 1928 to make loans at moderate rates, without collateral, to salaried men and women, a field previously untouched by any large commercial bank in the United States, this Department of the bank in the quarter century that has elapsed, has loaned $2½ billion to six million persons. Under the bank's plan for property modernization since 1934, when the Federal Housing Administration program was launched, 288,000 loans, totaling $223 million have been made. Loans to some 101,000 individuals, for the business needs of veterans under the G.I. Bill of Rights and to other small businessmen, amount to $168 million. The National City's Personal Credit Department with Central Office at the bank's 42nd Street Branch, and where the Personal Loan operations of the bank's 67 branches are concentrated, now has a staff of 1,100 employees, compared with the four who started the small loan facilities in 1928. The bank early established a policy of arranging for life insurance on these personal loans so that in the event of the death of the borrower neither the family or others would be required to repay the loan. On April 1, 1953, National City announced that insurance protection for borrowers would be extended to the bank's commercial loans, on an optional basis.

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James V. McCabe has been elected Assistant Secretary of **Union Dime Savings Bank of New York,** according to an announcement made by J. Wilbur Lewis, President of the bank. Mr. McCabe joined the staff of the Union Dime as an interest clerk in June, 1920. He was a teller for some years, then was made a supervisor. With his election as an officer, Mr. McCabe becomes the operations officer on the banking floor.

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The Great Neck Trust Company of Great Neck, N. Y. received approval from the New York State Banking Department as of April 20 to increase its capital stock from $357,500 (consisting of $120,000 of preferred stock divided into 16,000 shares of the par value of $7.50 per share and $237,500 of common stock divided into 19,000 shares of the par value of $12.50 per share), to $475,000 of common stock divided into 38,000 shares of the par value of $12.50 per share.

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Harry E. Umphrey of Washburn, Me., has been elected as a Class B Director of the **Federal Reserve Bank of Boston,** Harold D. Hodgkinson, Chairman of the Board, announced on May 1. Owner and President of Aroostook Potato Growers, Inc., Mr. Umphrey operated and administered a potato dehydration plant in Aroostook County during World War II which was the first to win the War Food Administration "A" Award. He has been active for a great many years in the potato industry. In addition to holding a number of important directorships in private industry, he is a Director of Associated Industries of Maine, Maine Development Corp., and the New England Council. He is a Trustee and member of Executive Committee of Colby College.

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The Boards of Directors of **Girard Trust Corn Exchange Bank** and the **National Bank of Germantown and Trust Company,** both of **Philadelphia,** approved on April 28 a plan for merger. This action is subject to approval by the shareholders of the two banks at special meetings to be held on June 30, and to approval by State and Federal banking authorities. The actual consolidation, therefore, it is stated cannot be effected until July. It is proposed that shareholders of the National Bank of Germantown and Trust Company exchange their stock, share-for-share, for 100,000 new shares to be issued by Girard Trust Corn Exchange Bank. The result will be a combined institution, operating under the charter of Girard Trust Corn Exchange Bank, with total resources of $600,000,000. The National Bank of Germantown was founded in 1814. As of the end of 1952, its total resources were $43,000,000, and deposits $39,000,000. Glenn K. Morris was President until his death on March 1, 1953, since which time M. H. Callender has been acting as Executive Vice-President. Girard Trust Corn Exchange Bank is one of the city's largest commercial banks and has an outstanding trust business. At the close of 1952, total resources were $579,000,000. Deposits were $518,000,000, and assets administered for customers of the Trust Department exceeded $1,200,000,000. This bank resulted from the merger in 1951 of **Girard Trust Company** and **Corn Exchange National Bank and Trust Company, Philadelphia.** The main office is at Broad and Chestnut Streets, with 13 other offices in communities from West Philadelphia to Mayfair. David E. Williams is Chairman of the Board. James E. Gowen is Chairman of the Executive Committee. Geoffrey S. Smith is President. It is stated that it will be the policy of the merged bank to preserve the community character of the National Bank of Germantown. Its office will continue under the supervision of the men now in charge there. No officer or employee of either bank will lose his position by reason of the merger.

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The Farmers National Bank & Trust Co. of Ashtabula, Ohio (common stock $300,000) and the **Marine Savings Bank Co. of Ashtabula** (common stock $110,000) were consolidated at the close of business April 9 under the charter and title of the Farmers National Bank & Trust Co. The consolidated institution will have a capital stock of $382,500 in shares of $25 each, surplus of $617,500 and undivided profits of not less than $250,000.

* * *

The capital structure of the **Republic National Bank of Dallas, Texas** now in excess of $60,000,000, became effective on May 1 following approval of the Comptroller of the Currency, according to an announcement by Fred F. Florence, President of the Bank. Through a split in existing stock, plus issuance of new stock, the shares of the bank's stock outstanding was increased from 1,050,000 shares to 2,000,000 shares. Sale of new shares provided $7,500,000, of which $3,000,000 was allocated to Capital and $4,500,000 to Surplus. Capital was increased from $21,000,000 to $24,000,000; surplus from $21,500,000 to $26,000,000. Added to undivided profits of approximately $5,300,000 and reserve for contingencies of $5,000,000, this gives the bank total capital funds in excess of $60,000,000. Rights to purchase the stock were offered ratably to shareholders following approval by stockholders at a meeting held April 14. The plans to increase the capital of the bank were noted in our issue of April 9, page 1540.

With Prescott & Co.

(Special to THE FINANCIAL CHRONICLE)

TOLEDO, Ohio—Mildred McNeil has joined the staff of Prescott & Co., Spitzer Building.

Predicts Record New Capital Equip. in '53

Study by Council for Technological Advancement on market outlook for capital goods indicates that 1953 output in this category will probably exceed that of 1952

A report by the Council of Technological Advancement, an affiliate of the Machinery and Allied Products Institute, predicts industry expenditures for new capital equipment in 1953 may well reach a record amount.

The Council points out that present anticipated capital expenditures generally reflect a strengthening of investment intentions as compared with predictions reported earlier this year and in the latter part of 1952.

It is noted that a joint Commerce Department-SEC survey of current anticipated capital expenditures points to expenditures of $27.0 billion in 1953 for non-farm plant and equipment, an increase of $500 million over 1952 and $6.4 billion over 1950.

In discussing estimates for capital expenditures during the second half of 1953, the Council suggests that if business remains fairly constant through the first six months of 1953, it is unlikely the year-end will see a drop in capital goods spending

As defense expenditures hit a peak, the years immediately beyond 1953 are likely to see a larger proportion of capital expenditures go into modernization and replacement as contrasted with the recent emphasis on expansion, the report states.

Therefore, if equipment producers are to maintain an aggregate volume of sales comparable to that experienced since the war, a more rapid rotation of the nation's capital equipment will be necessary. The report points up the underlying importance of depreciation accruals in capital equipment procurement policies.

Inadequate depreciation accruals resulting from Treasury insistence on straight-line write-offs over extended service lives, currently place a serious drag on modernization and replacement planning and needlessly reduce the amount of funds available to business for investment in the period ahead.

In calling for amendment to present Treasury tax depreciation policy, the Council points out that depreciation policies which more realistically reflect the true course of capital consumption would play an important part in sustaining present high levels of employment and productivity.

Earle J. Woodward With The Milwaukee Company

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Earle J. Woodward has become associated with The Milwaukee Company, 135 South La Salle Street. Mr. Woodward, who has been in the investment business in Chicago for many years, was formerly with Dempsey & Co. and Detmer & Co.

Lahan Joins Goodbody

(Special to THE FINANCIAL CHRONICLE)

PANAMA CITY, Fla.—Ralph A. Lahan has become associated with Goodbody & Co. Mr. Lahan formerly conducted his own investment business in Birmingham, Alabama.

With Bache in Cleveland

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Robert R. Coccia has become associated with Bache & Co., National City East Sixth Building. Mr. Coccia was formerly with Merrill Lynch, Pierce, Fenner & Beane in their Milwaukee office.

Continued from page 4

The State of Trade and Industry

Steel Output Scheduled to Hold Unchanged at 100.3% of Capacity

Buyers will have to pay more for their steel purchases over coming months, but how much more will not be possible of determining for some weeks to come, reports "Steel," the weekly magazine of metalworking, the current week.

At the moment, it states, leading steelmakers, including U. S. Steel Corp., are effecting increases in extras on certain products which will set the immediate market pattern. But, significantly, few changes in published base prices are being announced. These may come later, probably when producers can better appraise their cost position in the light of whatever wage settlement stems from impending negotiations with the steelworkers' union.

An increasing number of producers are revising extras upward. It is difficult, this trade weekly adds, to determine the average effect of these changes on consumer costs as ordering patterns probably will be changed to some extent. Increases, however, amount to a little more than $5 per ton on hot-rolled bars and just slightly under $10 on cold-finished. Revised cars on hot-rolled and cold-rolled carbon sheets incorporate advances of $1 and $2 per ton.

With most of the current price revisions confined to extras, "Steel's" weighted index on finished steel continues unchanged at 181.31. The pig iron composite also is holding with No. 2 foundry iron, $55.04, basic iron, $54.66, and malleable iron, $55.77. Further weakness has developed in scrap, the steelmaking grade composite being down $1 from a week ago, now standing at $41.67, lowest since November, 1950, when it was $41.33, and comparing with the high of $45 in March this year.

Supported by surprisingly strong and persistent demands from all consuming directions, notably for sheets, bars, plates and shapes, steelmaking operations are being pushed to the limit of available facilities, concludes "Steel."

The American Iron and Steel Institute announced that the operating rate of steel companies having 93% of the steelmaking capacity for the entire industry will be at an average of 100.3% of capacity for the week beginning May 4, 1953, equivalent to 2,262,000 tons of ingots and steel for castings and unchanged from that of a week ago. For the like week a month ago the rate was 98.9% and production 2,230,000 tons. A year ago when the capacity was smaller actual output was placed at 1,775,000 tons, or 85.5% of capacity.

Electric Output Recedes Further in Latest Week

The amount of electric energy distributed by the electric light and power industry for the week ended May 2, 1953, was estimated at 7,938,823,000 kwh., according to the Edison Electric Institute.

The current total was 76,884,000 kwh. below that of the preceding week when output totaled 8,015,707,000 kwh. It was 990,225,000 kwh., or 14.3% above the total output for the week ended May 3, 1952, and 1,379,123,000 kwh. in excess of the output reported for the corresponding period two years ago.

Car Loadings Rise 3.7% Above Previous Week

Loadings of revenue freight for the week ended April 25, 1953, totaled 779,804 cars, according to the Association of American Railroads, representing an increase of 28,176 cars, or 3.7% above the preceding week, partly due to seasonal increases in movement of ore and coal.

The week's total represented an increase of 315 cars, or 0.4% above the corresponding week a year ago, but a decrease of 44,858 cars, or 5.4% below the corresponding week in 1951.

U. S. Auto Output Rises 20% Above Preceding Week

Passenger car production in the United States last week dipped about 5% below the previous week, but was still 53% higher than the like 1952 week, according to "Ward's Automotive Reports."

It aggregated 144,071 cars compared with 151,126 cars (revised) in the previous week, and 94,125 cars turned out in the like 1952 week.

Total output for the past week was made up of 144,071 cars and 30,137 trucks built in the United States, against 151,126 cars and 31,469 trucks the previous week and 94,125 cars and 24,201 trucks in the comparable 1952 week.

Canadian companies made 8,893 cars last week, compared with 8,819 in the prior week and 6,787 in the like week last year. Their truck production for the week amounted to 3,285, compared with 3,196 in the preceding week and 3,289 in the similar week a year ago.

Business Failures Record Mild Advance

Commercial and industrial failures rose to 169 in the week ending April 30 from 159 in the preceding week, according to Dun & Bradstreet, Inc. Casualties were above the 150 which occurred a year ago and the 163 in 1951, but remained considerably below the 281 in the comparable week of prewar 1939.

Failures involving liabilities of $5,000 or more increased to 143 from 132 and exceeded the 120 of this size occurring a year ago. Among small casualties no significant change was noted. Twelve of the week's casualties had liabilities in excess of $100,000.

Wholesale Food Price Index Equals Year's High Point

Advancing for the third successive week, the Dun & Bradstreet Wholesale Food Price Index rose 4 cents to stand at $6.42 on April 28 to equal the 1953 high recorded on March 17. It compared with $6.33 on the corresponding date a year ago, or a gain of 1.4%, and represented a rise of 4.7% above the year's low of $6.13 on Feb. 3.

The index represents the sum total of the price per pound of 31 foods in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Level Lifted a Trifle in Latest Week

The general commodity price level, as measured by the Dun & Bradstreet daily wholesale commodity price index, recorded a moderate rise last week. The index closed at 278.97 on April 28, up from a 278.49 a week earlier, and compared with 294.96 on the corresponding date last year.

Grain markets continued unsettled with closing prices little changed from a week ago. Wheat developed strength on reports of some export business with West Germany and Yugoslavia but fear of lower price supports for next year's crop was a deterring influence. Below freezing temperatures were reported over much of the Winter wheat belt last week, while dry, cold weather retarded Spring wheat seeding. Corn displayed independent firmness with buying influenced by the sharp upturn in live hog values and the fact that export demand for United States corn was in excess of trade expectations. Spring work over the corn belt has made good progress under favorable weather conditions. Oats prices were mostly steady with light offerings sufficient to satisfy demands.

Demand for hard Winter wheat bakery flours, remained slow with only small odd-lot replacement buying noted among smaller bakers and jobbers.

Some pick-up occurred in bookings of Spring wheat flours as mills protected against price advances and small balances held by many users. Trading in cocoa was light and prices finished slightly lower for the week. Warehouse stocks of cocoa increased slightly to 66,959 bags, from 65,888 a week ago, and compared with 96,281 at this time a year ago. The coffee market was quiet and lacked support with prices trending mildly downward.

Hog prices continued to climb, aided by smallest market receipts in several years and increased activity in wholesale pork at advancing prices. Lambs also scored further gains on light receipts and higher wholesale prices for dressed lamb. Cattle prices tended to sag under continuing heavy receipts which totaled 50,000 head last week, the largest for an April week since 1931.

The cotton market which trended easier during the forepart of the past week, developed considerable strength in the latter half of the period. The rise was largely influenced by active buying stimulated by short covering and an unexpected spurt in sales of cotton textiles.

Activity in this market was the best in some months with volume of sales of both print and broadcloths estimated between 50,000,000 and 65,000,000 yards.

Sales of cotton in the ten spot markets last week were reported at 72,000 bales, up from 65,400 the previous week, and 65,400 in the corresponding week last year. Exports of cotton continued in limited volume although inquiries from foreign sources were fairly numerous. CCC loan entries continued relatively small. Aggregate entries for the season through April 17 were 2,175,792 bales. Withdrawals were placed at 224,089 bales, leaving 1,951,703 bales still under loan, compared with 379,071 on the same date last year.

Trade Volume Stimulated Slightly by Mild Weather

Retail stores in most parts of the nation noted a slight quickening in shopping in the period ended on Wednesday of last week as mild weather encouraged consumers. Many special promotions and relaxed credit terms helped merchants to surpass the sales figures of a year before.

Consumers continued to spend a larger share of their income on hard goods than they did a year earlier; the most marked year-to-year gains were in the demand for new cars.

The total dollar volume of retail trade in the week was estimated by Dun & Bradstreet, Inc., to be from 2 to 6% higher than the level of a year ago. Regional estimates varied from the year-ago levels by the following percentages: New England and Northwest +1 to +5; East 0 to +4; South +5 to +9; Southwest +3 to +7; Midwest and Pacific Coast +2 to +6.

Apparel stores sold slightly more than in the prior week and moderately more than in the comparable 1952 week. Clearance sales of women's Spring apparel and Mother's Day promotions helped to lift retail sales. The largest rises over the year-ago levels were in the call for children's clothing and haberdashery.

In increased demand the past week were poultry and cold cuts, margarine and frozen foods were more popular than a year earlier.

More consumer durables were sold than in either the prior week or the similar week in 1952. In wide demand were freezers, refrigerators, incidental furniture automobiles and parts. Shoppers spent more for bedding and household textiles than they did a year ago. However, television sets were in decreased demand.

Trading activity in most wholesale markets expanded slightly in the week as apprehension about the international situation continued to lessen.

As it has during the past several months, the total dollar volume of wholesale orders remained slightly higher than a year earlier. Most buyers limited their orders to small lots for the needs of the near future. Inventory accumulation was not as large as a year before since most merchants were able to move their goods rather quickly. The year-to-year gain in the buyer demand for consumer durables was more noticeable than that for soft goods.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index, for the week ended April 25, 1953, decreased 1% below the level of the preceding week. In the previous week an increase of 8% was reported from that of the similar week of 1952. For the four weeks ended April 25, 1953, no change was reported. For the period Jan. 1 to April 25, 1953, department store sales registered an increase of 4% above 1952.

Retail trade volume in New York last week, according to trade observers, held about even with that of the 1952 week, with the possibility of any change being on the down side.

According to the Federal Reserve Board's index department store sales in New York City for the weekly period ended April 25, 1953, registered a rise of 3% from the like period of last year. In the preceding week an increase of 2% (revised) was reported from that of the similar week of 1952, while for the four weeks ended April 25, 1953, a decrease of 4% was recorded. For the period Jan. 1 to April 25, 1953, volume declined 2% under that of 1952.

Puerto Rico Issue of $21 Million Bonds to Be Offered in June

An issue of Puerto Rico Water Resources Authority electric revenue bonds in the amount of $21,000,000 will be brought to market in the middle or latter part of June, 1953, according to information received from Rafael Buscaglia, President and Chairman of the Government Development Bank for Puerto Rico, fiscal agents for the Commonwealth of Puerto Rico.

Rafael Buscaglia

It is anticipated that the issue will be sold at public sale and that the sale notice will be published on or about June 1. The announced financing represents part of a total of $47,000,000 to be raised through the issuance of Authority Revenue Bonds, with the balance to be issued in blocks of $14,000,000 and $12,000,000 in July of 1954 and July of 1955 respectively.

The foregoing financing program, along with other available funds, will carry the Authority's major hydro-electric and steam-electric generating projects and related facilities to completion.

It has been indicated that future releases by the fiscal agent will confirm establishment of policy whereby the Government Development Bank will assure all interim financing, the spacing of subsequent permanent financing and the underwriting of the issues programmed for July 1954 and July 1955. In this connection, the National City Bank of New York has cooperated with the Government Development Bank over a period of years.

FHLB Notes on Market

Public offering of $111,000,000 Federal Home Loan Banks 2¾% series A-1954 consolidated notes, dated May 15, 1953, and maturing Feb. 15, 1954, was made on May 5 through Everett Smith, fiscal agent, New York City. The notes were priced at par.

Proceeds from the offering will provide funds required for the payment at maturity on May 15, 1953, of $90,000,000 of 2.20% series D-1953 consolidated notes, and for making additional credit available by the Federal Home Loans Banks to their member institutions.

Upon completion of the financing and the retirement of the note issue maturing on May 15, 1953, outstanding note obligations of the Federal Home Loan Banks will total $251,000,000, compared with $448,550,000 on Dec. 31, 1952, a reduction of $197,550,000.

Exchange Cashiers Will Hold Golf Tournament

The cashiers' division of the Association of Stock Exchange Firms will hold its fifth annual Walter L. Wright Memorial Golf Tournament at the Leewood Golf Club, Inc., Tuesday, May 26. The trophy will be awarded to the member having the lowest gross score.

Myrvan P. Burns of Bear, Stearns & Co. is golf committee Chairman.

William Henry Wyatt

William Henry Wyatt, partner in Wyatt, Neal & Waggoner, Atlanta, Georgia, passed away on April 26.

Continued from page 7

Must We Have a Recession?

means that the rate at which investment opportunities are developed is becoming more independent of current business conditions than ever before.

(4) The drop in the outlays on housing is likely to be moderate. Today new houses are competing more effectively with old houses than in times past. This is apparently partly the result of rise in incomes, partly the result of changes in taste which produce a strong preference for new houses, and partly a change in methods of financing (long-term mortgages which are amortized by monthly payments) which increase the attractiveness of owning relative to renting.

These several reasons indicate that the replacement demand for houses will be higher than in the past. Furthermore, there is a growing disposition on the part of the people to prefer living outside centers of population. The five-day week and the prevalence of motor transportation partly explain this change of preference. Finally, there seems to be occurring a considerable increase in the number of families with not less than three children. As a result, a large proportion of the houses built in the last six or seven years will be too small and will either be enlarged or will be sold in exchange for larger houses.

(5) Expenditures by states and localities for goods and services may be expected to increase. They have been growing at the rate of \$1.5 billion to \$2.0 billion a year.

A considerable backlog of need for public works grew up during the war when public construction was limited. The need for public works has been greatly increased by the growth in the number of children, the movement of population to the suburbs, regional shifts in population, and the great increase in the number of automobiles. For example, school enrollments between 1952 and 1957 are expected to increase by five million, or nearly 20%; the truck population of the country has doubled since 1940, and the car miles on American highways are around 70% greater than in 1940 and nearly 40% greater than in 1946. Planning and executing public works is usually a slow process. Hence, much of the backlog of need has not been met and several years at least will be required to meet it.

(6) Some increase in the demand for consumer goods may be achieved by reducing the proportion of personal incomes saved and increasing the proportion spent for consumer goods. I have called attention to the fact that the high rate at which personal indebtedness has been increasing (about \$9 billion in 1952) causes the possibility of reducing the rate of saving to be questioned. Since a drop in the rate at which new debts are incurred would raise the rate of saving, I do not believe that the possibility of reducing the rate of saving is very great, but it does exist. This is indicated by the rise during recent years in various types of liquid savings—currency and bank deposits, shares in savings and loan associations, insurance, and securities. These types of saving increased by \$23.7 billion in 1952 in comparison with \$18.6 billion in 1951, \$11.9 billion in 1950, \$9.2 billion in 1949. There are some types of liquid saving, such as insurance payments, which cannot readily be reduced. In 1952, public and private insurance payments accounted for \$9.5 billion of saving by individuals. There are, however, substantial possibilities of reducing the increase in individual holdings of time and savings deposits, and of securities. These two forms of savings increased by \$8.6 billion in 1952.

The task of persuading individuals to spend a larger proportion of their incomes on consumer goods is the responsibility of business. Business can raise the proportion of personal incomes after taxes spent for consumer goods by offering new and better goods at more attractive prices. I realize that enterprises cannot bring out new and better goods overnight. Every management, however, must be pretty well aware of the possibility that business may contract sometime within the next year or two. Consequently, every efficient management must today be getting ready to fight a reduction in its sales by developing new and better products. If managements are looking ahead as they should be doing to the possibility of a recession within a year or two, they will be taking the steps necessary to persuade consumers to spend a larger part of their incomes on consumer goods. Thus managements will be making an important contribution toward preventing the recession that they fear.

(7) Some increase in personal incomes after taxes may be brought about by reductions in taxes, particularly the personal income taxes and excise taxes.

The present high rates of taxation place powerful instruments of control in the hands of the government. Back in 1929, when personal incomes were running at the rate of about \$85 billion a year, personal income tax payments were at the rate of only \$2.6 billion a year. Now, personal income tax payments are at the rate of around \$35 billion a year. Individuals in the United States seem to spend over 90 cents out of each dollar, after taxes, on consumer goods. Hence, a reduction of \$10 billion a year in personal income tax payments would soon produce an increase of around \$9 billion a year in the demand for consumer goods.

A reduction in taxes would, of course, require that the government incur a deficit, because defense spending would still continue without much change. The present administration might have some reluctance to incur a deficit. It would obviously be wasteful, however, to allow unemployment to grow in order to keep the budget in balance. Furthermore, the growth of unemployment in the United States might easily wreck the foreign policy of the country. A growth of unemployment in the United States, with its repercussions on the rest of the world, would be particularly intolerable during a period when the nations of the West were engaged in difficult negotiations with Russia—negotiations which, if successful, might bring the Cold War to an end. The enormous economic gains of ending the Cold War would justify several years of budget deficits if this were necessary to avoid jeopardizing the cohesiveness of the Western Alliance and the success of the negotiations with Russia.

Some reduction in taxes is likely to occur during this coming fiscal year with a result that the Federal cash budget will probably show a small deficit. This prospect must be borne in mind in estimating near-term business prospects. Incidentally, since some of the immediate effects of the termination of the excess profits tax would be deflationary, it would probably be wise to provide for the termination to coincide with some reductions in the Federal personal income tax. This could be done by keeping the excess profits tax in effect until the end of 1953, when the temporary increase in the personal income tax is due to expire.

III

Among the most important trends of the present time is the growing opposition within the United States to the policy of "trade not aid." President Eisenhower made it plain in his "State of the Union Message" on Feb. 2nd that he understands trade is a "two-way street" and that the development of a healthy world economy requires that the United States remove obstructions to sales to this country. It is plain, too, that an increasing number of American businessmen understand that it is in the interest of this country to buy more from the rest of the world. The influential "Fortune" magazine, in its March issue, published an article entitled "Free Trade Is Inevitable."

It is becoming increasingly doubtful, however, whether President Eisenhower has sufficient influence within the Republican party to persuade the party to accept the policy of trade not aid. Four recent manifestations of opposition to the policy are significant:

(1) Representative Simpson's bill to extend the Reciprocal Trade Agreements Act one year. Although this bill would extend the present reciprocal agreements law, it would reduce the President's discretionary authority over tariffs and give this authority to the Tariff Commission. The present law permits the President to lower duties in exchange for concessions to American exports. The Tariff Commission is authorized to determine a "peril point" below which tariff concessions would seriously threaten American industry, but the President is authorized to set aside the Commission's findings. Mr. Simpson's bill would deprive the President of this power and would make the peril point findings of the Tariff Commission binding. In addition, the bill would require the Tariff Commission to consider unemployment in an industry in determining whether a tariff concession should be withdrawn. Finally, the bill would impose higher duties on lead and zinc imports and quotas on imports of crude oil and residual fuel oil.

(2) The rejection of the low British bid for generators and transformers for the Chief Joseph Dam in the State of Washington. Acceptance of the bid, which was \$1,614,000 below the lowest American bid, was urged by Secretary Dulles and Mr. Stassen, but opposed by Mr. Wilson, Secretary of Defense, which is the agency erecting the dam. The decision of the Department of Defense was to reject all bids for the time being.

(3) Refusal of representatives of the United States to join with the representatives of the Organization for European Economic Co-operation after discussions in Washington about the middle of April in recommending unilateral tariff reductions by the United States without reciprocal concessions, removal of discrimination against foreign shipping, or simplification of American customs procedures. The refusal of American representatives to accept the proposals of O. E. E. C. does not mean disagreement with these proposals. On the contrary, it means that representatives of the United States, in the words of the New York "Times," "took political realities into account."

(4) Appointment of a protectionist to the Tariff Commission. Mr. Eisenhower has made a concession to the protectionist sentiment by filling one of the vacancies on the Tariff Commission by Mr. Joseph Talbott, an advocate of protection.

Mr. Eisenhower is evidently hopeful of eventually persuading Congress to accept his views on the need for more two-way trade. The outcome of Mr. Eisenhower's efforts are uncertain. Hence, countries which need to expand their trade and find markets for their goods should not count on the supporters for freer trade in the United States being strong enough to open the American market to their goods. Consequently, the rest of the world would be wise to reduce its dependence on American goods and, in addition, to seek to develop markets for their goods outside the United States.

The ideal solution for the problems of world trade and of relations between the world's economies would be a reduction of barriers to sales to the United States and an increase of sales in the American market. The second-best solution would be for the rest of the world to reduce substantially its dependence on the United States (or other dollar countries) for wheat, cotton, sugar, and manufactured products. The United States has been exporting over \$2.5 billion of machinery a year, nearly \$1 billion of automobiles, parts, and accessories, about \$800 million of chemicals and related products, and \$700 million of iron and steel products. If Britain, Western Germany, Belgium, Japan, and other countries could supply a substantial amount (say, about \$2 billion) of the machinery, automotive products, and chemicals now purchased from the United States each year, the economic condition of the non-Communist countries would be substantially improved. There would be a better balance between the supply and demand for various currencies—less demand for dollars and more demand for pounds and other currencies.

There is good reason to believe that the world can reduce substantially its excessive dependence on the United States for goods. The British, for example, have shown excellent capacity to compete with the United States in the fields of electrical equipment and automobiles. Furthermore, the shortage of steel, which has retarded the development of the engineering trades in Britain, is being overcome. Progress will be slow at first, but each bit of progress should make additional progress easier to achieve. In the case of Britain, for example, a higher rate of capital formation is needed. High taxation limits the rate of capital formation, but if increases in exports raise the national income, gradual reductions in taxes and a faster rate of capital formation will be possible.

The second-best solution would undoubtedly require the retention of exchange controls longer than would the ideal or preferred solution. Furthermore, the second best solution would undoubtedly mean some currency devaluations sooner or later. Unless technological progress can occur in various countries faster than it develops in the United States, or unless the United States reduces barriers to imports, the currencies which are now overvalued in relation to the United States dollar will remain overvalued. The implications of the second-best solution for foreign policy are beyond the scope of these remarks, but I must point out that the failure of the policy of trade not aid would be advantageous to Russia. The crucial need is to develop a sound economic basis for a considerable measure of convertibility of currencies at the earliest possible moment. Until this is done, Russia has a golden opportunity to shatter the precarious unity of the West by offering opportunities for truly two-way trade between eastern Europe and the West. Thus far the Russians have been willing to do little to make East-West trade attractive to western countries. The countries of the West, however, have not developed the kind of policies that could be counted on to hold these countries together in the event that Russia were willing to make East-West trade really attractive to Germany and some other countries of the West.

I do not mean by this somewhat extended discussion of the second-best solution of the international economic problems of the western countries to imply that there is no possibility of reaching a solution through trade not aid. It is plain, however, that Mr. Eisenhower has a badly divided party and that his influence in some parts of his party is low. The best chance that the policy of trade not aid will really be adopted by the United States lies in the gain in the political influence of the important exporting industries of the country. The adoption of the second-best solution is bound to mean the loss of important foreign markets by these industries. But thus far they have not made such highly organized efforts to present their case to the public as have been used by the advocates of trade barriers. A clearly presented and sustained factual appeal by the exporting industries might enable Mr. Eisenhower to make the policy of trade not aid a reality.

IV

Let me conclude these remarks by endeavoring to summarize the present economic situation as I see it. The immediate problem is one of limiting the demand for goods, particularly preventing too large investment expenditures and too much demand for consumer goods financed by credit. The moderately tight credit policies of the Federal Reserve and the Treasury are holding investment in check fairly well, but are not preventing an unfortunate expansion in consumer credit. The Federal Reserve System needs authority over the terms of consumer credit as one of its permanent instruments of policy. Unfortunately, the authority of the Federal Reserve over consumer credit was terminated last year—certainly just at the wrong time.

Sometime within the next year or so, the basic problem of economic policy will probably change from one of keeping expansion under control to one of stimulating demand. When the need for this change arrives, it is important that it be recognized promptly and that the steps to stimulate demand be taken without delay. Perhaps, eagerness of Congress to reduce taxes will assure that there is even a premature shift from the policy of control to the policy of stimulation. It is better, in my judgment, to reduce taxes "too soon" rather than too late. The bad consequences of reducing taxes too soon can be pretty largely offset by non-inflationary borrowing. Such borrowing is not likely to be needed for long. If business turns out to be better than expected, the growing yield of taxes will increase government revenues. If business turns down, a government deficit financed in part by bank credit will be needed as a stabilizing influence.

The whole world is highly concerned over the possible consequences of a recession in the United States. I am one of those who believe that a recession under present international conditions would be a calamity. I emphasize in closing, however, that the present high taxes give the government a more powerful weapon for combating recession than it has ever possessed. If the government is willing to make prompt and vigorous use of this instrument, any contraction in business can be halted before it has proceeded far.

Public Utility Securities

By OWEN ELY

Otter Tail Power Company

Otter Tail Power Company is one of the smaller mid-western electric utilities, with 1952 revenues of $13 million. Its operations cover a wide area in the sparsely-settled Dakotas and in eastern Minnesota, including some 500 communities (the largest has a population of 13,000) plus rural areas, with a total population of 250,000. The system extends from the better-known of Minnesota's ten thousand lakes (with their associated resort industry) westward across the Red River Valley in the north (one of the world's most fertile farm areas) to the east bank of the Missouri River; and from the Canadian boundary on the north 400 miles southward along the Minnesota-Dakota boundaries.

Some small revenues are obtained from steam heating, water and gas but electricity contributes about 98% of gross. There is, of course, little industrial load in the territory; the country's largest lignite mines are located in the company's territory, and there are also extensive granite quarries. Otherwise the economy is largely agricultural. Agriculture, once predominantly wheat-raising, has become considerably diversified, including a substantial dairy industry and the raising of sugar beets.

Otter Tail Power Company has always been an independent operating utility, since organization in 1907; one of the founders was the father of President Cyrus G. Wright. The company has always tried to maintain a conservative financial structure, which is currently 47% funded debt, 20% preferred stock and 33% common stock equity. All of the company's bonds were privately placed with institutions, and initially most of the preferred stock was sold within the service area. The common shares, which are traded over-counter, are also largely held in the service area although the stock is now becoming better known throughout the country.

The company is fortunate in that two of the three states in which it operates have no regulatory commissions, while the North Dakota Commission has shown that it is willing to grant necessary rate relief whenever proper showing is made, without unnecessarily long delays. Action by this Commission, while technically confined to North Dakota, is carried over into the company's territory in the other two states. With regard to wholesale rates for municipalities, etc., the company is under FPC jurisdiction.

While the Dakotas might not generally be considered a growth area, Otter Tail Power has more than doubled its investment in physical plant since World War II, the largest cash outlay being for several new modern steam generating plants. The company at present is engaged in a transmission line building program. However, present studies indicate that no major generating additions will be needed until 1958, consequently the company is currently in a period of light construction—about $4 million a year.

To support the postwar construction program the company sold common stock in 1946, 1948 and 1950, with more frequent issues of senior securities. While bank loans are currently being resorted to, some financing will be required during 1953-54, the form of which has not yet been determined.

One adverse factor with which the company has had to contend is that it is in the area of the "Missouri Valley Development." Several big government dams—Garrison and Fort Randall are foremost in the Federal Government's construction program—are being built in the Dakotas. Under the so-called "preference clause" in the 1944 Flood Control Act, these dams will (when constructed) furnish power to REA co-ops and to some municipalities at the low rate of about 5½ mills. As a result of this prospective loss of power, the management of Otter Tail advised the co-ops some time ago that it could not expand its own capacity to serve them in the interim before "River" power becomes available, and suggested that they build their own plant and use Otter Tail's transmission system. This was agreed to and Otter Tail now obtains some revenue for its transmission service, and will lose little (if any) load this year when some Federal power first becomes available. At the same time Otter Tail will have sufficient capacity to take care of the more remunerative retail load developing in the area.

So long as Federal power is confined to river development, there are still large possibilities for private utility expansion in the upper midwest. With the new political climate at Washington, it would appear that the company will be able to hold its own despite Federal competition. As an example of local sentiment, the voters of Fergus Falls, Minn., after almost 50 years of municipal operation, have voted to sell their system to the company—despite the much-publicized prospects for cheap energy from the Missouri River development. This may have a far-reaching effect on many other communities.

Otter Tail Power expects to benefit from the great current development in the Williston Basin. While its territory is not directly in the Basin, it will benefit by refinery activities, etc. Drilling is also progressing along the peripheries of the Basin, and one of these potential new fields is said to be in the company's area.

Residential business is characterized by high residential usage, which exceeds the national average. This is due to the unusually high acceptance of residential appliances, both conventional and new types such as clothes driers. At present there is no natural gas available in the company's area, but the company is obtaining franchises and developing personnel so as to distribute gas at retail as soon as it becomes available from North Dakota or Canada. Because of the long heating season it should be able to obtain a large space-heating load, and also perhaps cheaper fuel for its steam generating stations. The company is handicaped at present in being located in one of the highest-cost fuel areas in the nation, despite the nearby supplies of lignite.

Otter Tail power has been selling recently over-counter around 23½ and pays $1.50 to yield 6.4%. Recent earnings were $2.08, making a price-earnings ratio of about 11.3.

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ated stations, its advertisers and its audiences well.

The cost, moreover, have been rising. Talent fees increase as networks bid against each other for valued performers. Labor cast, such a large part of production expense, has also been increasing. Network time costs go up as circulation expands in existing markets and as new stations open up additional markets.

The expanding national television system gives sponsors a medium of power and appeal they cannot forego. They realize that the most effective sales force the world has ever known is at their disposal. Nevertheless, advertisers are — understandably — already manifesting concern about the costs of this new medium. These costs must and will be stabilized eventually, but in this period of rapid development they present real problems for all of us.

These are the economic problems natural in a new medium of communications whose character, dimensions and rate of growth are literally without precedent. However, television has become so indispensable to the public and so valuable to the business community that it will of necessity find sensible solutions. I feel certain that stations, networks, advertisers, talent and labor unions will realize the benefits of cooperation in solving the problems that confront them.

There is room in the advertising economy for a much larger use of such an effective sales force as television. In order to broaden its use, one of our immediate objectives should be to develop techniques for making it economically available to more advertisers. To this end, networks are exploring various types of participation sponsorships—which are familar patterns in station operation—so that they can enable a national advertiser to scale his purchase to his needs and budget. The new patterns are just beginning to emerge; the cooperation of all affiliated stations are required for their development and growth.

By diversifying its product line, network television can attract hundreds of new customers. They will try it, learn what it does for them, and come back for more. Existing sponsors, too, will learn to use the medium more flexibly and efficiently. With this flexibility, they can control their costs and make every dollar bring more results.

Advertisers have a responsibility, to themselves and the public, for using the medium with maximum efficiency. We have all seen commercial messages which take full advantage of television's unique selling ability; and we have also seen commercials which fritter away the sponsor's opportunities. Research studies confirm our impressions.

If stations, networks and advertisers can be as bold and inventive in the use of television as the scientists have been in creating it, we will see this new medium grow in scope, in influence and in prosperity.

Within the next few years we may see annual advertising expenditures in television go far beyond the billion dollar mark. We will see more than 1,000 stations in operation. They can develop local programs not only reflecting but adding to the interest of their own communities. Television's special advantages as a local salesman and a community shopping service can be realized.

We will also see networks reaching into all parts of the country, supported by many more large and small national advertisers. Together they will provide a national program service that will make the present schedules seem primitive. The potentialities of television as yet have barely been sketched. They stir the imagination. For all of us connected with the new medium it holds out the vision of a great adventure.

Television and the Movies

If I allow myself to speak in these large terms, it is not because I have been affected by the heady atmosphere of Hollywood, the home of the motion picture industry. But meeting, as we are, in the capital of a sister medium, it is fitting that we pay tribute to the pioneers of the screen whose accomplishments are part of our national heritage.

They created a new art of showmanship, developed magnificent talents, and built a fabulous industry. They brought to the screen not only glamorous figures from life, but also glamorous words from the dictionary. "Colossal" is one of these—a Hollywood understatement, as someone has said. Many of their achievements have been truly "colossal" —and so were some of their failures. But success or failure, in black-and-white or color, in 2-D or 3-D, they paint their pictures in broad strokes, with a big brush on a wide canvas.

Television, also, is a picture in motion. It has grown to its present size and scope in far less time than its predecessor required to reach a corresponding status. For this, in part at least, television must acknowledge its debt to the movies.

With all its impressive power, television is still a youngster. It has made some mistakes—none of them fatal — and has repeated some of the mistakes of its elders. But now it is big enough to accept responsibility for its own shortcomings. So I say to my many friends in the motion picture world: "Television can learn much from you, but there is also a good deal it must learn to forget."

The essential differences between television and the movies may be temporarily blurred by the similarities between them — but those differences are very real. For example, television has no box office and no theatre to which people go and pay for the privilege of seeing the show. Its audience is as wide as America. It is composed of millions of small groups: the family circle in the intimacy of its home. There, they select what they want from the variety of offerings always available. They exercise the right to look at and listen to whatever they permit to enter their home over channels that are free and belong to all the people.

Audiences in the home and audiences in the theatre are quite different human entities. They will not long be satisfied with the same fare. They will expect, and rightly so, something in the theatre unlike what they can tap at home—and vice versa. This is all to the good. For it means that there is need for both types of offering. To satisfy this dual need calls for imagination, artistic enterprise and open-minded experimentation in the motion picture theatre and the television home alike.

I for one am not envious of the resources of Hollywood's motion picture studios or the box office. I am convinced that television broadcasting, like radio broadcasting, can solve its economic problems without a cash box in the home.

Programs

The ultimate test of movies, radio and television, is the value of their programs and the public interest they command.

The program content of radio and television broadcasting is far more varied than in any other medium. It has to be, because its vast audience has an endless diversity of taste and interest. Broadcasting embraces all the varying forms of entertainment that have delighted mortal man through the ages. But it goes beyond entertainment to satisfy a whole spectrum of human cravings for information, education and spiritual consolation.

As we listen to radio and watch television, we hear and see fine programs in every category. We also find some that are mediocre, or worse. Artistic perfection is not easily achieved, but it must be the constant goal. Critics—and their strictures are sometimes justified—do not always recognize that broadcasters must meet varying tastes and interests.

Neither conventional entertainment nor the press, for instance, is called upon to change its content every 15 or 30 minutes for about 20 hours a day 365 days a year. A single movie or play may fill a theatre on Broadway for weeks, or months, or years. But the appetite of broadcasting for ever new, ever fresh fare is insatiable. No other medium is expected to cater both to the masses and the classes over the same facilities.

I make these remarks not as alibis but in a bid for understanding. The primary responsibility, of course, rests with the broadcasting industry. The thousands of programs of infinite variety presented each month are the products of hundreds of performers, writers, directors and producers with abilities and talents of every degree. To demand absolute perfection is to demand a miracle.

Yet we must ever set our sights high. Our effort must aim to avoid the easy road that leads to programming by formula — the road to sterility. In the last analysis, the audience is the judge and it will not remain supine under a barrage of programs that grow stale.

The need for originality is particularly important in a new and voracious medium such as television. This calls for new ideas and techniques, that will ultimately lead to the development of its own art forms suitable for the intimacy of its appeal and within reasonable costs.

A related objective is the maintenance of high standards of taste in programs brought into the family circle with the compelling impact of radio and television. Again, this involves human judgments which vary from individual to individual. I know of no one who has a divine right to a final verdict on what is good for the public. The people's franchise in choosing what it will appreciate and enjoy cannot be canceled out by self-appointed monitors. And after all, the ratings show that the popular programs—precisely those that some "opinion makers" frown upon—have the largest circulation and the steadiest sponsorship.

I believe that the industry has demonstrated that it can arrive at reasonable, common-sense judgments which rule out the vulgar and the offensive without impairing artistic effectiveness. Advertisers have recognized that a message presented with tact and in good taste will win more customers and good will than blatant commercials or claims exaggerated to the point of irritation.

All broadcasters are conscious

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of the problem. Most of them are meeting it with energy and intelligence. Theirs is the continuing obligation of protecting the good name and integrity of radio and television. They know that the penalty for failure is alienation of the public they serve. They know, too, that failure invites the threat of censorship, with all the dangers that this poses to freedom of thought and freedom to look and listen.

This Association has taken leadership in guarding against such dangers. The NARTB Seal of Good Practice which appears on millions of television screens is only one of the evidences of its alertness. The principle of self-regulation is sound, but we must always bear in mind that its value depends upon intelligent and effective execution.

The primary obligation, I repeat, is ours. Yet the public also has a responsibility. After all, it is under no more constraint to patronize so-called popular programs than it is to buy popular magazines on the newsstand. It has the same breadth of choice on radio or television that it has in deciding between a slapstick comedy and a great drama on theatre row in its community.

There are plenty of high-grade programs on the air to suit the most meticulous tastes — opera, concerts, plays, political forums, and so on. Do these selective customers always exercise the same thoughtful selectivity when they turn a radio or TV dial at home that they do in plunking down the price of a ticket outside the home?

Let me put the matter bluntly. The public has a share in fashioning programs. If enough people practice selective listening and viewing, they will encourage the trend toward more sponsorship of the finest cultural and informational programs.

Stations themselves can strike a balance between immediate profit interest and long-range permanent public interest. They must see the importance of providing programs of great public value, even if immediate sponsorship is not available.

I do not imply that all sustainers are good and all commercials bad. Often it is the other way around. I merely want to say that the immediate profit - and - loss statement cannot be the sole governing factor in an industry dedicated to serving the public.

The Technical Horizons

Facing the development of television are the scientists and engineers whose work continually opens new horizons for broadcasters.

For a time, you will recall, it seemed that a nationwide service would be restricted because of the limitations of the VHF band. But the scientists and engineers made it possible to open the UHF band, bringing television to hundreds of communities which might otherwise have been denied service.

Some broadcasters already are successfully operating UHF stations and many more are planning to do so. Those who will be operating in markets also served by VHF need have no fears as to the availability of an audience for their service. The industry is producing and will continue to produce sets which can receive signals of both bands without any inconvenience of tuning.

Developments now under way will enlarge the coverage and improve the quality of the UHF signal. New antenna systems will increase efficiency of UHF transmission and control the broadcast energy so that the signal can be directed into valleys within the coverage pattern. There is no doubt that operations in UHF—"the band of the future"—will fill a place of growing significance in television.

At the same time other vital developments are extending the use of television far beyond broadcasting. For instance, closed circuit TV techniques and devices are being perfected which will provide visual intercommunication systems not only for industry, science and medicine, but in hotels, department stores and between offices and factories. Vidicon camera atachments plugged into ordinary receiving sets can make them part of a closed circuit system and open broad possibilities for its future use in schools and homes.

To television broadcasters, of course, these developments provide opportunities for the auxiliary use of studio and field equipment in connection with closed circuit coverage of meetings and conventions in the community. Indeed, they amount to a challenge to your ingenuity and energy. Science has provided new tools—yours is the opportunity to make effective use of them.

At our laboratories, we are exploring the entire field of solid-state electronics, of which the transistor promises to become the master key to new advances in radio and television. A tiny particle of germanium embedded in plastic, it can perform many of the functions of a vacuum tube with greater efficiency and potential longer operating life.

The transistor can be adapted to a multitude of uses. In radio, it makes possible pocket-sized receivers, thus furthering radio as a personal service, available to people wherever they are. In television, the transistor will permit compact, mobile and less costly equipment. Already our scientists have demonstrated a television receiving set using transistors in place of all tubes except the picture tube; a tubeless auto radio; and a new basic principle in the operation of a power amplifier, using only four transistors and no other components.

Another product of research is the vidicon tube. One of its first applications in broadcasting was the "walkie-lookie" used in covering the 1952 political conventions. Since then, it has been applied in a light-weight, small-sized vidicon camera which you will see at this convention.

Still another development not too far off is video tape—a true electronic system of program storage, with great advantages of economy and convenience. By recording both picture and sound electronically on tape, this process will eliminate the complicated and expensive procedures now necessary in first recording television signals on film, then processing the film by chemical means, and then recreating the video signals from the film images. Each step in the present process results in small successive degradations of quality which the tape recording method avoids.

When the video tape is perfected, it can be used to overcome time differences in national live networking. By providing an immediate, inexpensive television record, it can also be used by the director and cast to review program performance in rehearsal to correct lighting, technical and artistic flaws before the final performance.

I am merely touching the high points. Many other laboratory developments now "in the works" will some day be ready for use and provide improvements throughout the broadcasting system.

For example, Dr. V. K. Zworykin, of our laboratories, is working on what he calls "an electronic audience voting system." He hopes to be able to equip the standard home television receiver with a button which, when pressed, will register a vote of "yes" or "no" at the television station. The purpose, of course, is to get from listeners and lookers their reactions to programs and issues of the day. Eventually we may have a national push-button poll, the results of which can be tabulated automatically by electronic computers at a central point. Thus, public opinion throughout the nation could be sampled instantaneously.

Of more immediate interest is the fact that the necessity of compatibility in color television is now generally recognized. Its logic was too compelling to be long denied. We may therefore hope that the day is not far off when compatible color television will be authorized for commercial broadcasting.

Color will make television more exciting, more dramatic and more enjoyable. It will give added sales power to commercial messages. It will attract advertisers who now do not use the medium because their particular products cannot be fully appreciated in black and white.

With a compatible system, the broadcaster and the advertiser do not have to wait for color receivers to appear in quantity. Stations will be able to transmit network programs in compatible color with only minor modifications to their existing equipment. The origination of color programs, however, will involve changes in production technique, and probably increased production cost for lighting, costuming and scenery.

Time and again, we have seen technical progress in broadcasting presenting new opportunities to those with the courage and imagination to act. Six or seven years ago, the opportunities offered by black-and-white television were recognized at once by a number of forward-looking broadcasters. They lost no time in acting, and their alertness has paid off magnificently.

Those who are determined to lead in broadcasting will again, I am sure, act promptly. They will begin color operations as soon as standards for commercial compatible color broadcasting are officially approved by the Federal Communications Commission.

Opportunities and Responsibilities

Broadcasting is a dynamic and changing enterprise. It goes through cycles of development and adaptation; reaches plateaus; then surges to higher levels of service. The industry is now in the throes of one of these great cycles of transition to a higher level.

Although the problems of transition are large, the prospects are correspondingly promising. We have in radio a very flexible, inexpensive medium with powers of resilience and adjustment greater than some may realize. We have in television an unparalleled communications system which has become an indispensable tool of American salesmanship and a major influence in American life.

The public wants both radio and television. It will use each of them to the extent that it serves and satisfies the public interest. Our economy needs both mediums, and it is big enough to support both, provided they will conscientiously meet its requirements for effective and economical advertising.

In the final checkup, the amazing history of our industry, its record of consistent growth and success, are end-products of the American system of free economy. They represent not merely triumphs of electronics but triumphs of America. It is the magic of freedom that gives full play to all the energies and talents in our economy; that strikes a fruitful balance between competition and cooperation; that blends the motive power of self-interest and public interest to enrich the life of the individual citizen and the vitality of the nation as a whole.

The price of that freedom has ever been restraint and self-discipline, as well as a strong sense of personal and group responsibility. Nowhere is the payment of this price more essential than in an industry like ours, using public channels and concerned with the needs, the well-being, the happiness and moral health of the entire population.

In facing the future, the experience we have gained in more than a quarter century of broadcasting gives us confidence that American ingenuity and skill can solve problems as they arise. My own confidence in the future rests on the fact that science is our partner, and that radio and television are in the hands of resourceful men and women—the broadcasters of America—who have built a great industry on a tradition of dedicated service to the American people.

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and economic factors that contributed to the decline, such things as night baseball and night racing, and numerous other forms of entertainment which drew people off. In the old days people used to say, "Let's go to the movies," and whatever the movie happened to be at their neighborhood theatre, they went. Often they didn't even know what they were going to see. That day has certainly passed. Now people don't go to the movies; they go to see a picture. And they are pretty fussy about the pictures they go to see.

As a result, the middle grade of picture has practically gone out of existence economically. There is just no box office for it. People want to see something special. If they are satisfied with an ordinary picture, they can see it on their television set.

Thus there has been a tendency in the industry recently to go in for bigger and more expensive pictures, because these are the kind of pictures that, in the long run, show the greatest profit.

As far as the effect of television on the film industry, it appears fairly certain now that it already has had its greatest effect and that it is leveling off. There are now 163 television stations in 109 markets, many of them having just started in the past six months, since the television "freeze" came off. Already covered are the important territories like New York, Philadelphia, San Francisco, Detroit, and Los Angeles. These are so saturated that there are very few television sets being sold to families which didn't have one before. Now people who are buying sets are either buying a second one or a larger screen, or some sort of replacement for the present set.

So that the new television stations—and there probably will be another 100 opened in the next year — are in minor markets where there are not such concentrations of people. They should thus have a lot less effect on the film industry.

The only blow from TV to pictures that can happen now, and will happen, of course, within a couple of years, is color. It will result in another big surge of revived interest in television. It is certainly going to strike films another big blow.

In the meantime, the picture industry is helping itself with the new 3-D processes. I suppose you all have some idea of what third dimension is, and the differences between third dimension and large screen. They are generally lumped together, although they shouldn't be. Third dimension is only, actually, the Polaroid process where you look at the picture through Polaroid glasses, and you really get a third dimensional effect. Most of the pictures which are being made, and which have gotten a lot of publicity, are not third dimension. They are for exhibition on a large screen, a much larger screen than the ordinary-sized one.

The biggest surge in this respect was given by "Cinerama," which opened last September. That interested everybody, and that is what really started the whole third-dimension craze.

"Cinerama," of course, is not third dimension. "Cinerama" is shown on a somewhat curved screen, which gives an audience a sense of participation, but there is actually not depth nor a real illusion of depth. Twentieth-Century-Fox has a process which it has been demonstrating this last week called "Cinemascope," which is like "Cinerama" but somewhat simpler. "Cinerama," as you possibly know, uses three projectors and overlaps the images on the screen so that you get width through three almost ordinary-sized pictures placed one next to the other. The Fox process, "Cinemascope," uses just one projector and gets a wide picture, although not so wide as "Cinerama" and not so brilliant—which is really one of "Cinerama's" big plus factors.

The problem always is to get enough light on the screen. You have to get an arc lamp back of the picture and project it through a small aperture in the machine. Only so much light can get through a hole that size (indicating), and as you make the light brighter you get to a certain point where you start practically melting the film.

What everybody is working toward is to try to get more light on the screen and more brilliance.

"Cinerama" has accomplished it by having three separate projectors. "Cinemascope" hasn't actually accomplished it to its fullest point. It has been partly achieved by using a more reflective screen.

The 3-D and wide screen pictures obviously caught the public's fancy. People have shown their desire to come back to movies if they can see something a little different. There have only been a few pictures in the process so far. The first one was "Bwana Devil," which wasn't much of a picture, but which was in 3-D, and it has done great business. Now there is another one at the Paramount, "House of Wax," which is also doing well.

An interesting aspect of the whole business of 3-D's that it has helped the box office in general. It has gotten people talking about movies again. A tremendous apathy developed in 1948, 1949 and 1950, when everybody took a sort of pride in the fact that he had not seen a movie for months. That seems to have been eliminated somewhat by the new processes. Business has picked up pretty well, not only for the 3-D

pictures themselves, but for all pictures.

Well, that is enough about 3-D. I wondered if you might be interested in hearing how films are financed. In general, there are two kinds of financing involved in the film industry. The major companies are financed on a corporate basis. They are not financed picture by picture, but just as United States Steel or any large corporation is financed. They need a certain amount of money, and they get a lump sum or a line of credit over a long period of years, which they draw on as they need it. That is fairly simple when business is good. Probably more interesting to most of you is the financing of independent pictures. That is a real technique. The independents who make pictures often are not so much producers as promoters, because it is a tough job pulling all the strings together that are prerequisite to getting the money to produce a picture.

In general, there are three types of money involved in the financing of independent pictures. What we call "first money" is generally put up by a bank. It is called "first money" because it is the first money paid back when a picture starts to play off and film rentals come in. Behind that is what is known as "second money." That is much riskier, because, obviously, if a picture is eventually going to do a $1,000,000 worth of business, the first $500,000 is going to come back before the second $500,000. So you are surer of getting your first $500,000 than you are the second $500,000. The bank's "first money" is normally loaned at a straight 6% interest rate. There is no participation in the profits. The bank takes the minimum possible risk and gets a minimum return.

The fellow who puts up the second money isn't satisfied with a mere 6%. He normally wants a piece of the picture. He wants a profit participation so that in case this particular picture doesn't pay off, he has such a profit in other pictures that they compensate for his bad investment.

Then there is a third category of money called "completion money," or a completion bond. A picture is absolutely of no use to anybody if it is 75% completed or 90% completed. You cannot play a picture that is not finished. So if the producer borrows, say, $1,000,000, and he spends it and the film is only 75% completed, the people who have invested the $1,000,000 would just be stuck. So every investor in a picture wants what is known as a completion bond; that is, somebody to guarantee, either by putting up actual cash in escrow, or by his signature that if the producer goes over his budget and runs out of money, the picture will be completed, so that it can play in theatres and pay off.

The producer, in his role of financial promoter, is generally forced to put on quite a show. He comes to us at the bank and says, "I have Gregory Peck, I have second money, I have completion money, I have William Wyler to direct, and I have a great script. If you will put first money in I can go ahead."

We act like we believe him at least partially, although we know actually he hasn't got all of those elements. We know that as soon as he leaves us he is going to go to Gregory Peck's agent and say, "I have Bankers Trust Company to put up first money if you come in. I have a great script and a great director"; then he goes to Wyler and he says, "If you will come in, I have Bankers Trust and I have Gregory Peck." Thus he goes around the circle. Everybody knows what he is doing. Everybody knows he has nothing except an idea. He tries to pull all the strings in, and, gradually, the successful producer finally gets everybody into a room, and he finds he does have all those people.

Often, of course, a producer never does succeed in getting the whole circle together. However, it is a colorful process while it is going on.

Are you interested in the television film situation? That is a much newer field. It is much less profitable now than theatrical films. When you have a big feature that is a real success, such as "Moulin Rouge" is currently, or "African Queen," there are great profits, and the producer or investor can well afford to take some losses on other pictures. However, the special films for television, the half-hour shows, normally are not very profitable as yet. Whether they will be, as people hope, when there are more stations to play, remains to be seen. However, the men who are producing them have even a harder time getting money than the independent producers of a theatrical film, partly because the banking and the financing community have no experience with them and have no background for knowing what one can get out of them.

There are several ways of distributing them that you may be interested in. Some of the films like "I Love Lucy"—are made for a national sponsor like Philip Morris, which buys the film, uses it on many stations, and pays a lump sum for it.

Then there are some which are sold on a regional basis. A sponsor will have distribution or only market his product in, perhaps, nine cities or seven cities, and he may buy the film for that group of cities. Then the producer or the distributor of the films has to go to various other regions and sell it similarly.

Then there is what is known as syndication, where a picture is sold separately to a sponsor in each city. The syndication method is probably, in the long run, the most profitable, because you can get more money from each sponsor in each city than you can if you sell it nationally. However, it is much more difficult to sell, and it runs sales costs up much higher.

With a national sponsor, of course, the financing become a lot easier, because you know in advance where you are going to sell your picture. You know how much Philip Morris is going to pay. So then you can, normally, go to a bank, or go to some other financial source and get your money; with the syndication, where it is sold separately in each city, it is much more difficult, because you are not sure until you have the picture made that you are going to sell it at all in any city.

Has anyone questions on any of this? Are there any ideas on what else you want to hear?

Question: With regard to the independent companies, is that a large factor in the industry?

Mr. Golden: In films?

Question: Talking of films. I think that is your main interest, at the moment.

Mr. Golden: Yes.

Question: At one time, of course, there were a few fairly large companies that were pretty well controlling, Paramount, and so on; to what extent is the independent group important today in the whole industry?

Mr. Golden: It depends on what you mean by independents. The terms are sort of loose. In the old days—old days, three years ago, up until the anti-trust consent decree—

Qestion: That is what I am talking about—

Mr. Golden: — which divorced the theatre-owing companies from producing — distributing companies—there were five major firms (Paramount, RKO, Fox, Metro and Warner Bros.) which were integrated all the way through. They produced their own pictures, they distributed their own pictures, and they owned their own theatres. Then the Department of Justice came along and said that this is a violation of the anti-trust decree; you cannot own your own theatres. Therefore, the producing-distributing companies had to sell off their theatre units. That has been accomplished in four companies now. Paramount was the first, followed by RKO, Warners and Fox just accomplished the move. Metro still owns its own theatres, but is under court order by March of next year to sell its theatres.

Then there were what is known as three minor companies: Columbia, Universal and United Artists, which were important companies but which did not own their own theatres. Columbia and Universal produced their own pictures and distributed their own pictures, but they did not own any theatres. United Artists is in a peculiar position in the industry because it makes no pictures of its own—it is only a distributing agency for pictures by independent producers; it takes on anybody's picture and distributes it at a fee which usually runs around 30% of the film rental.

Then there are some minor companies — Monogram — which produce cheap pictures and does well at it. There are some other lesser companies, which might also be called independents.

Then there are the independent producers who own nothing, these fellows such as I described to you, who have nothing but an idea and want to make a picture. My description isn't altogether true, because there are a couple of them who are very well established—Sam Goldwyn, who has been an independent from 'way back and who does not have to go through the contortions which I described before to get his pictures financed. He is so well established that he has lots of credit and a back-log of pictures which he owns. He can easily go out and get all the money he needs. There are a few others in that category, such as Edward Small and Sol Lesser, who are important figures in the industry. Selznick was for a while. He has now virtually stopped producing. The independents had a heyday back when business was good in 1946 and 1947, because it was easy to get the money then. Banks or anybody else were glad to put money into the business. No picture lost money. There is the old story of the exhibitor who just opened the door to the theatre every morning and got out of the way to avoid being trampled in the rush as the patrons filed in. Everybody was making independent pictures, and most of them were making money.

Then things got tough, there weren't any assurances of profit, and many of the independents got shaken out. The promoters, the fellows who could not really make a good picture, whose only attribute was that they could produce the money, fell by the wayside.

There is an hiatus in film making at the moment. Nobody really wants to go ahead unless he has commitments or studio overhead that forces him to make a picture. Otherwise, both independents and majors are laying off, waiting to see what happens, because there is no point in making a picture in 2-D, or flat, that may look old-fashioned a year from now.

Producers don't know whether they should make 3-D pictures with Polaroid glasses or whether to use the Fox process or the wide screen, or whether to use seven other processes which are rapidly coming up now. So most people, if they can avoid it, are not making any pictures at all.

As a result, there is a great fear of a shortage of pictures in six to eight months. It takes so long to make a picture and to get it released that delays now mean shortages later. As a result there are a number of independent producers now coming into the field to make very low budget pictures in the $250,000 class and down, because if these pictures are any good at all they can hardly lose money. You have almost got to make money, particularly if there is a shortage of other pictures. Theatres need pictures to keep open. They have got to buy the pictures. So some independents are wisely taking advantage of that situation.

That brings up the foreign market, too, as far as films are concerned. It is a highly important aspect. The foreign theatres, of course, won't have 3-D or wide screen for quite a while, and so there is a tremendous market available there. A lot of independents are going in in the hope of cashing in somewhat on this foreign market.

The foreign market now accounts for about 40% of the overall gross of a picture, which is such a substantial amount it has been responsible to a large degree in recent years for practically keeping the industry alive. It used to be the "velvet"; now it is often necessary income to cover costs.

Question: Would you say that the divorcement bill achieved what the Federal aim was in the important companies that have done it?

Mr. Golden: Yes. The whole thing is larger than the divorcement itself, however. You know that the anti-trust consent decrees which started in 1940 did much more than divorcement. Divorcement was a final step. You may all recall block booking and blind buying.

In block booking, as you probably know, a theatre owner at the beginning of the year would get called upon by a salesman from a film company. The salesman would say, "Now, I have 35 wonderful pictures here. I don't know the names of these pictures. I don't even know who is going to be in them. However, they are going to be great. I will sell you the whole 35 for the year." So the exhibitor would probably buy the output of two or three companies, perhaps Metro, Columbia, and maybe United Artists. And then he could go to Florida for the rest of the year, because every week the pictures would come in. He had already bought them, and he had agreed on the price. There wasn't any problem.

That was also known as blind buying, because he not only bought the block, but he didn't see what he was buying.

The exhibitors at the time put up a terrific howl about that—"This is killing us; we don't want to buy blocks, because you are forcing us to buy pictures which we don't want; we want to select our own pictures."

And so it was decided that block booking was out; selling had to be picture by picture.

Well, that presented an entirely new problem, and now some of the same exhibitors who were screaming back in the 1930's for the end of block booking, were testifying just yesterday in Washington before the Small Business Committee of the Senate that horrible things have happened as a result. They don't actually suggest that they want to go back to block booking, but they want to put a lot of new curbs on distributing companies.

Question: Why is that?

Mr. Golden: Well, the main thing they object to is what is known as competitive bidding. In the old days, when you had two theatres opposite each other, such as the Music Hall and the Roxy, the Roxy might buy all Fox product and all of RKO product and all Universal product, and the Music Hall would have no chance to get those pictures. If the Roxy were lucky, the companies whose pictures it bought would be turning out the best product of the year; the Roxy would have all the good pictures, and the Music Hall would have all the bad pictures. The Music Hall would have no chance of getting the Roxy pictures. That is what they objected to. They said that "block booking leaves us out, puts us in a poor competitive position."

So the film companies were faced with the question: "How are we going to sell these pictures?" The Roxy and the Music Hall both wanted the same ones. So the film companies said, "Okay, bid for them; submit bids, and we will sell to the highest bidder."

That wasn't quite as simple as it sounds, because you don't sell a picture for a set sum such as $32. If such were the case and some one else bids $34 you could look at the thing and say, "I am going to get $34 here, so he is the highest bidder. That is that."

Instead of that, there are all kinds of terms involved: percentages, how long the house will play the picture, whether it will play over a weekend or during the middle of the week. Obviously, the distributor will get more money if he is playing on percentage over the weekend than midweek. So all of these factors enter in, and the bidding procedure has an air of mysticism about it, which most of the exhibitors resent.

The film companies have a lot of factors to consider. As as result, one of the things that the exhibitors object to mostly in this bidding is that if two theatres are bidding for the picture, obviously, the price is going to go up; so they find themselves paying more film rental for each picture than they did before.

That's why they are now before the Small Business Committee asking to end competitive bidding.

Question: How does the financing of these small independent producers who make the travelogues and the short subjects which aren't put out by the big companies—how is that done; is that done personally?

Mr. Golden: That is done with "angels" completely, because they are, normally, unprofitable, or so close to unprofitable that it is not a very good commercial business. Ordinary commercial investors are not interested in "shorts," even made by the big companies, which often sell them at a loss.

Question: Are they?

Mr. Golden: Yes. Nobody comes into a theatre to see a "short," even a good one, you know. Even the popular "Gerald McBoing Boing," for instance, which has a national reputation. The short might help you to decide you want to go to that theatre if you wanted to see the feature picture, but you don't go to see the short.

Question: I was thinking mainly of the work Walt Disney has been doing, the True Life Adventures of animals and things like that. They have been carrying those with the main feature instead of carrying a double feature.

Mr. Golden: Well, they run around 32 minutes. They are three-reelers. The average "short" is a one-reeler. It runs 10 minutes. Some run 20 minutes. So these are much longer than an ordinary "short." Even so, they are not highly profitable. They have been fairly profitable, but they are very unusual. Any "short" which has Walt Disney's name hanging on it has a big head-start right away.

Question: One more question about the independent producer.

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Many movie stars themselves produce—they say "Produced by John Wayne," or John Wayne Production," and that sort of thing; is that done by "angels," by themselves, or do they go to banks?

Mr. Golden: Usually they work with some business man who is the actual producer, although many stars are quite talented in such ways. Actually, of course, they would have a big hand in choosing the story, the screen play, and their own director, and so would be a producer in practically every sense, although they may not attend to the last business detail. On that respect, there might be something interesting about this foreign production that has a lot of stars working abroad. United Artists just made a deal with Gregory Peck, who is going to make two pictures for it in England. You probably have heard about this tax setup of the 18 months abroad. You can stay abroad for 17 out of 18 months—and generally they stay away 17 months—and not pay any taxes in the United States. Since you are not in any one foreign country long enough, you don't pay taxes abroad either. It is a pretty good "gimmick" as long as it works.

It was actually started, I think, under the Point IV program to encourage American technicians to go abroad and work in oil fields and in other industries that wasn't very attractive. Even if the money were good, they didn't want to go to Africa and stay there for two years. So the taxes became an attraction. Some smart tax lawyer in Hollywood said, "Well, if they can do it in the oil fields, why can't they do it in films?" Thus Gene Kelly and a lot of people have been abroad on that basis, and of course, if your earnings are $300,000 a year and you can save 80% of that, it pays to stay away. Congress is now talking about shutting down, and it probably will.

Question: You know so much about the film industry, and you are a member of a bank; do you have a special division in your bank dealing with that?

Mr. Golden: We have what is known as the Amusement Industries Division, where we deal in films and television, that is all.

Question: And you have a regular staff which goes out and checks the credit, and so forth, investigating the background of these people?

Mr. Golden: Yes. It is not that specialized. The staff consists of me and two other people, so it is not tremendous in size. It is mostly knowing the background, knowing a lot of people in the business and knowing the factors that count.

Question: Could you tell me what are the chances of an independent producer, who is unknown, of getting money to make a picture, who is also going to use an unknown director, if he has a good script?

Mr. Golden: The chances are highly dubious, unless he has some rich friends.

Question: You mean the bank won't—

Mr. Golden: No. An unknown not only in films but practically in any field is not a very good risk for a bank. Obviously, the first thing anybody putting up money wants to look at is your track record. You get out the equivalent of the "Daily Racing Form" and see how the horses ran before, if they have ever won a race. If you never heard of a horse before, you would be dubious about betting on it. That makes it tough on the development of young people in the business, but it is just an ordinary business habit; obviously, where you have to invest a big pile of somebody else's money, you have got to be as cautious as you can. It would probably be necessary to find the equivalent of an "angel" in a case such as you describe.

Question: How about producing a half-hour television show like Frank Wisbar?

Mr. Golden: You are talking about a series?

Question: If you had an idea for a series, and you had a complete first script, you are ready to start shooting, all you need in the money.

Mr. Golden: It would be impossible in that situation to get bank financing. It would be, probably, next to impossible even to get ordinary venture capital. There are many people in the business who have a lot of money and who will invest in all sorts of things for much bigger shares in it than the bank will take. They will want 50% of your profit rather than the 6% we normally get. However, even they normally won't go into a thing like that. It is almost necessary to get personal friends or somebody who has faith in you for more than strictly business reasons.

Question: Would $10,000 be considered—I guess it would—a large sum, if that is what you needed?

Mr. Golden: You mean to make a single picture?

Question: To make a single picture, use as a pilot, if you had a sponsor interested.

Mr. Golden: You are talking about a half-hour film?

Question: Yes.

Mr. Golden: Well, a few pilots are made for 10; most of them run 22 and 23 thousand dollars at least, unless you have some particular idea—

Question: Well, you are including the cost of your director and your producer, but if three people, competent in the field—one man is your director, say a cameraman, say they would get together. They wouldn't draw a salary. Would it be possible to produce a picture with relatively unknown actors?

Mr. Golden: Are you saying you have 10 thousand dollars or you want the 10 thousand dollars?

Question: I am saying I want the 10 thousand dollars.

Mr. Golden: I am sure that the only way you can do it would be to find somebody who had some particular faith in you or your little group, and a faith not strickly based on a business basis but on a personal relationship.

Question: In other words, if you are unknown, you cannot get the money unless you have somebody who is willing to take a real risk—is that it?

Mr. Golden: Somebody who has real faith in you or wants to help you for some other reason, but you cannot expect an ordinary business man to—

Question: I just wanted to get that straight.

Question: In extending loans, do you have any relationship with the budget, do you examine the budget ?

Mr. Golden: Certainly.

Question: Do you go into conference with the producer on the budget?

Mr. Golden: Well, the producer has to submit a budget to us, which we go through carefully to see how he is going to spend the money. In the old days— the 1946 days—when everybody was cleaning up, some banks didn't care how much the budget was, as long as it was somewhere within reason, because the more money you lent, the more interest you were going to get and it seemed impossible for any picture to fail. Some of the less scrupulous producers would throw in all kinds of things, including a fancy fee for themselves. Actually, they didn't care whether the picture was a success or not, because by the time the picture was made he had mulcted so much he had a handsome profit, and if the picture failed, that was just too bad.

Those days are long since gone. Now we don't even allow the producer to put in a fee for himself except some very nominal amount which just covers his expenses. Maybe $15,000 or $20,000 or $25,000. His take, theoretically, is not coming from the salary which he is getting out of the production, but out of the profits which the venture is going to make. So we go through the budget very carefully, make sure there is no water in it. Most producers who are still in business are not prone to put much water in.

Question: I take it there have been some losses on the part of banks, too?

Mr. Golden: Yes. What happened was in the heyday ending in 1947, some banks weren't overly cautious, because it wasn't necessary to be overly cautious. It just seemed impossible to lose money. Everybody was happy. Well, they continued to make loans through the beginning of 1948 with this picture in their mind of what had been going on. But since it take a year or so to make a picture and to get it out to the theatres, these pictures were made with the experience of the past and played with what was to be the experience of the future. They were made on an upgrade market and played on a downgrade market, and there were tremendous numbers of losses. It didn't take the banks very long to smarten up.

Since then, of course, the banks have toughened their policies. There were never many banks in this field. Most banks' boards of directors, when you talk about show business, just duck. However, a few banks specialized in it — Bank of America, Security First National in Los Angeles, Bankers Trust here, Guaranty Trust here, Chemical—those were the big one. Most of them backed away. The Bank of America does practically no financing any more. Security First National doesn't. Guaranty doesn't.

Luckily, the reason I am able to be here is that Bankers Trust was more cautious. Of course, we got clipped with some bad ones, too, but not in great number.

When you go over the record for a period of 10 years, the business has been very profitable for Bankers Trust.

Question: I am wondering whether the consent decree stimulated more interest in the field as a result of that.

Mr. Golden: You mean among independent producers?

Question: Yes, because now they had openings that they didn't get before—distributors, theatres.

Mr. Golden: Of course, the divorcement has only recently taken effect—Paramount was the first to divorce, and that was 1950. By the time divorcement came, business was so bad that it was hard to put your finger on whether it actually helped the independents. I am not sure that it has. Too many other factors have blurred the picture to give you a clearcut answer.

Question: According to my observation, there has been a recent trend among individuals to make investments in the motion picture industry. I was wondering if you had similar experience.

Mr. Golden: For individuals to invest in films?

Question: Not necessarily individuals, I mean increasing groups or individuals investing in films.

Mr. Golden: I don't know actually whether that is so. There are altogether fewer pictures being made than there used to be. So there is less call for investing. I am not sure whether in those days when it was much more profitable that there weren't more people who were more anxious to invest than now. It has gotten down to a small coterie of people who are willing to invest.

Question: Is there such a thing as block backing of films rather than backing just one particular film? Is there such a thing as putting money into a host of films?

Mr. Golden: That is often done as a matter of fact, and a preferable way of doing it, because if one film fails, you have a chance of making up for it on the other one that succeeds.

Question: Those ex-closely-integrated companies in the past, isn't it possible that the profits they made on films would not be returned but be put into backing new films rather than starting all over again borrowing money?

Mr. Golden: Well, it wasn't a matter of borrowing money for each individual film. They just borrowed a lump sum and used it for whatever they needed the money for.

Question: My question is similar. I was wondering if the major studios, when the bank did give them money for a group of pictures — who set the budget on those pictures?

Mr. Golden: We have no concern with that. The company operates its own affairs. It is different entirely from independents. It is a matter of what is the bank's security for the loan. If you lend money to the independent, the only thing you have as security for your money is the picture which he is going to make. You don't have anything else. However, with the big film company you have a studio. In the old days you had all the theatres and the real estate, down to office furniture and things like that. You had everything as security. So you didn't worry about how he spent the money on individual pictures. In the large company, there was no incentive for them to water the budget or anything like that, because they were making it for their own account.

Question: I always wondered why the independent films had to be released by the major studios. I still don't know the reason why. Could you tell me?

Mr. Golden: Most of the independent films have been released by United Artists, which doesn't do anything else but release independent films. Now, some of the major studios in recent years have been distributing independent films just to supplement their own programs. They have made fewer pictures themselves, and so they needed more pictures for distribution, and they took on pictures from the outside. People made the pictures and they distributed them in the field. It cut down the risk.

Question: Is it possible for an independent to sell his own picture?

Mr. Golden: No, it is just physically impractical. There are somewhere around 20,000 theatres in the United States, including the drive-ins, and you just could not go around and call on 20,000 people and make 20,000 deals unless you had a big organization.

Question: You couldn't do that anyway—like with Loew's Theatres — the individual theatre couldn't take the film, anyway, could it?

Mr. Golden: You mean a sale to the home office?

Question: They would distribute—

Mr. Golden: They don't distribute, they buy for all their theatres.

Question: Judging by your talk, I think that New York now is a financial capital of the film industry, is that right?

Mr. Golden: Yes. It always has been, as far as financing the major companies. I suppose Los Angeles led in independent financing for a while, when the Bank of America was most active.

Question: About drive-ins, have they been successful?

Mr. Golden. They have been a saving factor for the industry in the last six years. They developed after the war. The first drive-in, I think, was in 1933. There weren't more than a half dozen of them in the whole United States up until the war. Then they began to mushroom. They baby-sitter problem was one of the big things that acted in their favor. People like them. Now there are somewhere around 3,500 and they have been tremendously successful. There have been no drive-in failures, with only one or two exceptions.

Los Angeles Exchange Shown on TV

LOS ANGELES, Calif. — The Los Angeles Stock Exchange was featured on the Richfield Oil Corporation television program on May 1. Included in the program were scenes of the trading floor of the Exchange in operation, meeting of the Board of Governors, and views of activity in a brokerage house. Duties of the odd-lot dealer, broker and floor specialists were also explained. Interviewed were the President and Vice-President of the Exchange, and many of the members.

With Atwill & Co.

(Special to The Financial Chronicle)

MIAMI BEACH, Fla.— Robert H. Wheat is now with Atwill and Company, 605 Lincoln Road.

Anderson Cook Adds

(Special to The Financial Chronicle)

PALM BEACH, Fla.—Joseph J. Barrett is now affiliated with Anderson Cook Company, Inc., First National Bank Building.

With Bartlett & Clark

(Special to The Financial Chronicle)

PORTLAND, Maine—Albert L. Huot is with Bartlett & Clark Co., 57 Exchange Street.

Joins Livingstone Staff

(Special to The Financial Chronicle)

BOSTON, Mass.—Samuel Livingstone has joined the staff of Livingstone & Company, 10 Post Office Square. He was previously with du Pont, Homsey & Co.

With Loomis, Sayles

(Special to The Financial Chronicle)

BOSTON, Mass.—Phillips N. Weeks has become affiliated with Loomis, Sayles & Co., Inc., 140 Federal Street.

With Waddell & Reed

(Special to The Financial Chronicle)

DETROIT, Mich. — Thomas D. Toonder is with Waddell & Reed, Inc., 15315 West McNichols Road.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	May 10	‡100.3	100.3	96.9	85.5
Equivalent to—					
Steel ingots and castings (net tons)	May 10	‡2,262,000	2,262,000	2,230,000	1,775,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Apr. 25	6,278,300	6,280,500	6,482,050	6,370,800
Crude runs to stills—daily average (bbls.)	Apr. 25	†6,827,000	6,686,000	7,000,000	6,600,000
Gasoline output (bbls.)	Apr. 25	23,159,000	22,736,000	22,659,000	20,903,000
Kerosene output (bbls.)	Apr. 25	2,665,000	2,656,000	2,411,000	2,517,000
Distillate fuel oil output (bbls.)	Apr. 25	9,666,000	9,561,000	10,159,000	9,236,000
Residual fuel oil output (bbls.)	Apr. 25	8,859,000	8,701,000	8,863,000	9,034,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Apr. 25	157,990,000	157,942,000	162,878,000	155,367,000
Kerosene (bbls.) at	Apr. 25	19,433,000	19,685,000	18,417,000	18,546,000
Distillate fuel oil (bbls.) at	Apr. 25	60,502,000	61,738,000	59,757,000	51,274,000
Residual fuel oil (bbls.) at	Apr. 25	39,034,000	39,855,000	41,002,000	38,526,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Apr. 25	779,804	751,628	715,337	779,489
Revenue freight received from connections (no. of cars)	Apr. 25	675,261	656,899	669,172	651,678
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Apr. 30	$373,113,000	$287,981,000	$342,036,000	$288,192,000
Private construction	Apr. 30	185,125,000	169,303,000	158,480,000	152,267,000
Public construction	Apr. 30	187,988,000	118,678,000	183,556,000	135,925,000
State and municipal	Apr. 30	162,392,000	92,980,000	160,207,000	70,209,000
Federal	Apr. 30	25,596,000	25,698,000	23,349,000	65,716,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Apr. 25	9,050,000	*8,675,000	8,255,000	9,749,000
Pennsylvania anthracite (tons)	Apr. 25	511,000	439,000	325,000	1,028,000
Beehive coke (tons)	Apr. 25	120,200	*123,300	143,500	113,100
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Apr. 25	104	105	112	105
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	May 2	7,938,823	8,015,707	8,018,761	6,948,593
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Apr. 30	169	159	171	150
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Apr. 28	4.376c	4.376c	4.376c	4.131c
Pig iron (per gross ton)	Apr. 28	$55.26	$55.26	$55.26	$52.72
Scrap steel (per gross ton)	Apr. 28	$39.33	$41.00	$44.25	$42.00
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Apr. 29	29.675c	29.700c	29.200c	24.200c
Export refinery at	Apr. 29	30.175c	33.825c	34.700c	27.425c
Straits tin (New York) at	Apr. 29	95.000c	93.500c	121.500c	121.500c
Lead (New York) at	Apr. 29	12.500c	12.000c	13.500c	18.000c
Lead (St. Louis) at	Apr. 29	12.300c	11.800c	13.300c	17.800c
Zinc (East St. Louis) at	Apr. 29	11.000c	11.000c	11.000c	19.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	May 5	92.01	92.79	94.40	98.96
Average corporate	May 5	104.14	105.00	106.56	110.15
Aaa	May 5	107.44	108.16	109.79	114.46
Aa	May 5	106.04	106.74	108.70	112.93
A	May 5	103.47	104.48	105.86	109.60
Baa	May 5	100.16	100.98	102.46	104.14
Railroad Group	May 5	102.63	103.13	104.66	107.62
Public Utilities Group	May 5	103.47	104.48	106.04	109.60
Industrials Group	May 5	106.56	107.62	109.06	113.70
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	May 5	3.09	3.03	2.90	2.57
Average corporate	May 5	3.50	3.45	3.36	3.16
Aaa	May 5	3.31	3.27	3.18	2.92
Aa	May 5	3.39	3.35	3.24	3.01
A	May 5	3.54	3.48	3.40	3.19
Baa	May 5	3.74	3.69	3.60	3.50
Railroad Group	May 5	3.59	3.56	3.47	3.30
Public Utilities Group	May 5	3.54	3.48	3.39	3.19
Industrials Group	May 5	3.30	3.30	3.22	2.97
MOODY'S COMMODITY INDEX	May 5	420.7	418.8	414.2	434.8
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Apr. 25	184,365	223,515	231,803	183,440
Production (tons)	Apr. 25	245,157	252,496	247,441	206,373
Percentage of activity	Apr. 25	95	96	94	83
Unfilled orders (tons) at end of period	Apr. 25	454,897	523,178	455,688	363,178
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	May 1	106.60	106.64	107.20	109.67
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—					
Number of orders	Apr. 18	26,849	39,954	31,193	36,513
Number of shares	Apr. 18	752,077	1,109,442	908,548	1,035,321
Dollar value	Apr. 18	$32,580,065	$42,645,270	$39,800,077	$45,718,392
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Apr. 18	24,910	35,234	31,229	26,180
Customers' short sales	Apr. 18	238	265	156	192
Customers' other sales	Apr. 18	24,672	34,069	31,073	25,988
Number of shares—Total sales	Apr. 18	699,451	1,021,506	874,256	750,793
Customers' short sales	Apr. 18	10,682	9,870	5,221	9,007
Customers' other sales	Apr. 18	688,769	1,011,636	869,035	741,786
Dollar value	Apr. 18	$27,679,814	$38,154,956	$34,205,705	$32,480,652
Round-lot sales by dealers—					
Number of shares—Total sales	Apr. 18	208,640	294,980	285,870	193,180
Short sales	Apr. 18	------	------	------	------
Other sales	Apr. 18	208,640	294,980	285,870	193,180
Round-lot purchases by dealers—					
Number of shares	Apr. 18	258,050	364,500	302,240	443,100
TOTAL ROUND-LOT STOCK SALES ON THE NEW YORK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total Round-lot sales—					
Short sales	Apr. 11	347,920	305,510	343,160	174,870
Other sales	Apr. 11	10,663,640	10,070,000	8,497,950	5,137,460
Total sales	Apr. 11	11,011,560	10,375,510	8,841,110	5,312,330
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Apr. 11	1,159,190	1,201,050	888,750	528,160
Short sales	Apr. 11	163,040	131,920	171,890	95,540
Other sales	Apr. 11	963,710	978,440	717,890	453,520
Total sales	Apr. 11	1,126,750	1,110,360	889,780	549,060
Other transactions initiated on the floor—					
Total purchases	Apr. 11	328,500	349,700	211,920	109,700
Short sales	Apr. 11	22,500	25,100	10,800	6,700
Other sales	Apr. 11	354,150	333,200	197,260	117,900
Total sales	Apr. 11	376,650	358,300	208,060	124,600
Other transactions initiated off the floor—					
Total purchases	Apr. 11	349,335	329,240	296,585	263,396
Short sales	Apr. 11	47,390	35,040	81,970	31,060
Other sales	Apr. 11	386,065	337,700	358,605	242,417
Total sales	Apr. 11	433,455	372,740	440,575	273,477
Total round-lot transactions for account of members—					
Total purchases	Apr. 11	1,837,025	1,879,990	1,397,255	901,256
Short sales	Apr. 11	232,930	192,060	264,660	133,300
Other sales	Apr. 11	1,703,925	1,649,340	1,273,755	813,837
Total sales	Apr. 11	1,936,855	1,841,400	1,538,415	947,137
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Apr. 28	110.0	109.7	109.8	111.2
Farm products	Apr. 28	99.3	98.6	98.3	106.7
Processed foods	Apr. 23	105.3	104.3	104.6	107.4
Meats	Apr. 28	94.7	91.1	93.0	110.7
All commodities other than farm and foods	Apr. 28	113.3	113.2	113.3	113.0

*Revised figure. †Includes 636,000 barrels of foreign crude runs. ‡Based on new annual capacity of 117,547,470 tons as of Jan. 1, 1953 as against the Jan. 1, 1952 basis of 108,587,670 tons.

	Latest Month	Previous Month	Year Ago
ALUMINUM (BUREAU OF MINES):			
Production of primary aluminum in the U. S. (in short tons)—Month of February	92,649	89,895	72,374
Stocks of aluminum (short tons) end of Feb.	10,502	9,336	9,547
AMERICAN PETROLEUM INSTITUTE—Month of February:			
Total domestic production (barrels of 42 gallons each)	202,169,000	223,868,000	202,724,000
Domestic crude oil output (barrels)	183,736,000	203,214,000	184,654,000
Natural gasoline output (barrels)	18,408,000	20,617,000	18,049,000
Benzol output (barrels)	25,000	37,000	21,000
Crude oil imports (barrels)	16,400,000	19,098,000	14,228,000
Refined products imports (barrels)	13,455,000	16,078,000	13,032,000
Indicated consumption domestic and export (barrels)	240,042,000	267,935,000	236,998,000
Decrease all stock (barrels)	8,018,000	8,891,000	7,014,000
BUILDING CONSTRUCTION PERMIT VALUATION IN URBAN AREAS OF THE U. S.—U. S. DEPT. OF LABOR—Month of February (000's omitted):			
All building construction	$648,786	$590,397	$611,085
New residential	358,807	316,364	373,114
New nonresidential	206,236	195,643	160,555
Additions, alterations, etc.	83,743	78,390	77,417
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD — Month of April (000's omitted):			
Total U. S. construction	$1,473,244	$1,200,048	$1,433,642
Private construction	762,722	695,732	737,127
Public construction	710,522	504,316	696,515
State and municipal	573,669	424,933	450,093
Federal	136,853	79,383	246,422
COKE (BUREAU OF MINES)—Month of March:			
Production (net tons)	6,839,741	*6,132,084	6,777,424
Oven coke (net tons)	6,298,960	*5,681,110	6,204,011
Beehive coke (net tons)	540,731	*450,974	573,413
Oven coke stocks at end of month (net tons)	1,972,886	*1,995,003	1,831,975
COPPER INSTITUTE—For month of March:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	99,932	*83,653	87,110
Refined (tons of 2,000 pounds)	112,016	101,538	94,563
Deliveries to fabricators—			
In U. S. A. (tons of 2,000 pounds)	133,462	117,204	112,719
Refined copper stock at end of period (tons of 2,000 pounds)	55,807	60,944	58,487
DEPARTMENT STORE SALES—SECOND FEDERAL RESERVE DISTRICT, FEDERAL RESERVE BANK OF N. Y. — 1947-1949 AVERAGE = 100—Month of March:			
Sales (average monthly), unadjusted	92	71	87
Sales (average daily), unadjusted	91	79	85
Sales (average daily), seasonally adjusted	100	96	97
Stocks, unadjusted	115	107	*112
Stocks, seasonally adjusted	110	110	108
EDISON ELECTRIC INSTITUTE:			
Kilowatt-hour sales to ultimate consumers—Month of January (000's omitted)	31,615,986	30,675,661	29,261,476
Revenue from ultimate customers—month of January	$569,333,600	$550,591,500	$522,936,100
Number of ultimate customers at January	48,528,954	48,459,371	46,931,127
FABRICATED STRUCTURAL STEEL (AMERICAN INSTITUTE OF STEEL CONSTRUCTION)—Month of March:			
Contracts closed (tonnage)—estimated	253,482	*180,882	226,394
Shipments (tonnage)—estimated	266,337	*251,137	268,840
HOUSEHOLD VACUUM CLEANERS — STANDARD SIZE (VACUUM CLEANER MANUFACTURERS' ASSN.)—Month of March:			
Factory sales (number of units)	329,294	246,007	290,092
HOUSEHOLD WASHERS AND IRONERS — STANDARD SIZE — (AMERICAN HOME LAUNDRY MANUFACTURERS' ASSOCIATION)—Month of March:			
Factory sales of washers (units)	345,969	326,604	248,431
Factory sales of ironers (units)	16,066	*22,588	13,913
Factory sales of dryers (units)	49,593	57,136	41,161
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1935-39 = 100—Month of Mar.:			
Seasonally adjusted	242	*240	221
Unadjusted	239	*236	217
MOODY'S WEIGHTED AVERAGE YIELD OF 200 COMMON STOCKS—Month of April:			
Industrial (125)	5.52	5.36	5.87
Railroad (25)	6.21	6.07	6.05
Utilities (not includ. Amer. Tel & Tel.) (24)	5.30	5.16	5.62
Banks (15)	4.60	4.44	4.59
Insurance (10)	3.41	3.29	3.41
Average (200)	5.50	5.36	5.77
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S. (AUTOMOBILE MANUFACTURERS' ASSN.)—Month of March:			
Total number of vehicles	700,685	*583,001	482,973
Number of passenger cars	566,320	486,071	372,440
Number of motor trucks	134,129	*96,740	109,964
Number of motor coaches	236	190	569
NEW YORK STOCK EXCHANGE— As of March 31 (000's omitted):			
Member firms carrying margin accounts—			
Total of customers' net debt balances	$1,513,425	$1,349,944	$1,293,081
Credit extended to customers	27,878	29,983	39,002
Cash on hand and in banks in U. S.	314,423	329,367	351,748
Total of customers' free credit balances	744,360	730,283	765,722
Market value of listed shares	118,222,952	119,748,972	113,098,965
Market value of listed bonds	99,535,255	100,116,892	96,699,300
Member borrowings on U. S. Govt. issues	39,380	43,932	41,954
Member borrowings on other collateral	1,046,648	934,666	765,793
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)—Month of January:			
Net railway operating income	$80,074,947	$109,602,100	$66,178,790
Other income	18,233,038	93,168,623	17,810,588
Total income	98,307,985	202,770,723	83,989,387
Miscellaneous deductions from income	4,369,320	6,445,768	4,469,457
Income available for fixed charges	93,938,665	196,324,955	79,519,930
Income after fixed charges	60,416,871	158,688,564	46,531,643
Other deductions	2,822,340	16,836,637	2,929,375
Net income	57,594,531	141,851,927	43,602,268
Depreciation (way & structure & equipment)	40,876,453	41,977,231	38,914,272
Federal income taxes	48,811,230	44,794,055	46,317,315
Dividend appropriations:			
On common stock	13,678,368	26,762,841	5,[illegible]9,706
On preferred stock	7,240,892	6,171,794	7,036,658
Ratio of income to fixed charges	2.80	5.22	2.41

Continued from first page

As We See It

time to study them, is not in a good position to reach definite or final conclusion of his own about all the aspects of this highly involved situation. He is obliged to rely in very substantial measure upon the judgment of those he has entrusted with the devising and management of the defense program. He is in no position to have an independent opinion as to whether five, ten or 20 billions could be eliminated from planned defense expenditures within any given period of time without impairing our ability to defend ourselves. We have found it impossible, however, to escape the conclusion that it is well within the bounds of possibility to cut a very substantial amount out of these outlays without injury—and even without getting in the way of substantial improvement in our defensive situation.

Unfortunate Habits

It is, in any event, certainly not out of order to deplore certain habits into which the American public appears to have fallen, and which tend to becloud all too much of our thinking. One of these habits is that of measuring all things by what they cost. We are much too inclined to assume—often probably without realizing it—that if we double expenditures for defense we double our ability to protect ourselves against foreign attack, or that should we reduce outlays by, say a third, we should impair our defense capacity by something roughly the same proportion. Of course, if this were true there could be no question of reduction in defense expenditures except on the basis of belief that we had no need of defenses of the sort and magnitude as those planned. It would likewise imply that no curtailment of the swollen Federal budget is possible anywhere else except by sacrificing in the same proportion the objectives of such current expenditures—a wholly unwarranted assumption.

This approach to current questions, which may well be part and parcel of our worship of statistics and statistical oversimplification, afflicts us at many points other than in governmental affairs. It is obvious, for example, that we have been seriously deceiving ourselves about the extent to which we have been adding to our production facilities in recent years. We take note of the vast "capital outlays" reported by various agencies, private and public, and get the impression that our capacity to produce is growing more rapidly than is actually the fact, or so we often suspect. Apart from our declining willingness to exert ourselves, there are other factors which are rarely taken fully into account in appraising this situation—at least, not taken into account by a great many.

Price Changes

One is the effect of changes that have occurred in prices and costs over the past decade. Of course, most observers probably make some sort of rough adjustment to allow for rising costs of additions to plant and equipment—a sort of rule of thumb adjustment or "deflation" as it is sometimes called. This, of course, is one important aspect of the matter, but only one. What is commonly termed inflation, particularly when accompanied by rapidly rising wage demands, and by an equally radical rise in various other elements of labor cost, always tends to have a marked impact upon capital expenditures, both as to amount and as to type. These commitments may or may not, when the inflation comes to an end, prove to have been wise.

But there are other aspects which are much more concrete and susceptible of measurement. It is the net, not the gross, investment in new or additional plant and equipment that in the end will tell the story. Now, one of the deductions from total capital outlays is depreciation. These items as carried on the books of business are designed to recover cost. Ordinarily they do not undertake to do more. For tax purposes they cannot do more. But what is being chewed up, worn out, or growing out of date today by reason of use in producing the current supply of goods cannot for the most part by any stretch of the imagination be replaced for what it cost to put in place. More than one competent student of current affairs has of late raised the question as to whether, when we have taken all this into account, we are moving forward in the enlarging of our productive plant at anything like the rate we think we are.

To get back to governmental affairs, consider all the money that has gone into the Tennessee Valley project. Too many of us are all too prone to assume lightly that these expenditures, all of them, represent net increases in the assets of the nation. But do they? Apart from sheer inefficiency and waste in both construction and operation, who is there to say that many of these projects have been sound in their basic conception? Who is there to say that we—all of us with the exception, possibly, of local groups directly or indirectly subsidized by these projects—should not be better off today if whatever these things have of real value had been done at private cost and risk?

Sometimes, particularly in governmental affairs, much can be had for less money!

Plenty Room for Improvement!

"In the message which I sent to the Congress on April 7 requesting a one-year extension of the present Reciprocal Trade Agreements Act, I referred to the need for a thorough re-examination of our whole foreign economic policy.

Pres. Eisenhower

"I now recommend that a commission be established to make this review. The review should provide the basis for action during the next session of the Congress.

"Through increasing two-way international trade and stimulating in every practical way the flow of private investment abroad we can strengthen the free world, including ourselves, in natural and healthy ways.

"By so doing, we can lessen and ultimately eliminate the heavy burden of foreign aid which we now bear. Both we and our friends abroad earnestly desire to see regular trade and investment replace grant assistance.

"In launching a broad-gauge study into the question of what our foreign economic policy should be, I think we can prepare the way for a fuller utilization of the economic strength of the free world in the cause of peace and prosperity."—President Dwight D. Eisenhower.

We can always hope for the best!

Continued from page 5

Observations . . .

ment. In the event of a proxy fight, it is charged that "CV" gives a self-interested "racketeering" individual the chance to "muscle in." Many quarters frown on the rule as just another hangover from New Deal reform.

An effective method for limiting the effects of the cumulative system is found through the use of *classified* or *staggered* boards. Staggering reduces the number of candidates for election each year, and by thus raising the number of votes required for electing each director annually, tends to nullify the effects of the cumulating privilege.

Part of the constantly simmering agitation versus Sewell Avery of Montgomery Ward centers around the director-stagger system which he instituted three years ago as an antidote against the Illinois Law's mandatory cumulative provision. In the case of Follansbee, where the anti-cumulative stagger system was also put in, after the anti-management forces won a popular vote to eliminate the stagger, the stagger was reinstated by management's ruling on the voting.

Philosophic Reversals

Several instances of reversal of individual attitude have occurred. Two individuals when running against management at Kalamazoo Stove plumped for it as a weapon to help their "aggression." But subsequently in the case of Merritt, Chapman and Scott, on whose board they are pro-management directors, they vigorously opposed others' agitation in its behalf.

Similarly with two individuals in the forefront of the present 20th Century-Fox battle. On the one hand, Darryl Zanuck, now the largest management-stockholder, is vigorously opposing the opposition's cumulative demand. Conversely, that company's management-opposition leader Charles Green, who is so forcefully trying to get on the Board via cumulative voting, is only now indicating an interest in instituting such provision in United Cigar-Whelan Stores Co., which he controls.

* * *

The National Airlines management in 1951 went a step further than is Twentieth Century-Fox. In order to eliminate a "non-conforming" director who had already been on the board, it first called a stockholders' meeting to accomplish that purpose.

There is much that is plausible on both sides of the argument. Perhaps one irrefutable conclusion is that in any event it is not fair to change the rules in the middle of the game, to fit a particular controversial situation.

First Boston Group Offers Seaboard Fin. $5.75 Preferred Stk.

The First Boston Corp. heads an investment group which is offering for public sale today (May 7) 50,000 shares of Seaboard Finance Co. $5.75 sinking fund preferred stock of no par value, stated value $100 per share. The stock is priced at $100 per share plus accrued dividends from April 10, 1953 to date of delivery.

The new stock is entitled to an annual sinking fund of 5%, calculated to retire the entire issue in 20 years, at its stated value plus accrued dividends. The stock is redeemable on or after July 10, 1954, at $105 per share if redeemed on or before July 9, 1956, with successive decreased prices thereafter, plus accrued dividends in each case.

Proceeds from the sale of the stock will be applied to the reduction of current indebtedness to the company's line-of-credit banks originally incurred to lend to borrowers and to purchase receivables, either directly or through subsidiaries, in the ordinary course of business. Replacement of outstanding borrowings by the proceeds of the new preferred stock will make additional borrowings from its regular line-of-credit banks or others available to the company as further funds may be required from time to time.

Seaboard Finance Co. is engaged in the consumer finance business, making small loans to individual borrowers and, to a lesser degree, purchasing retail installment sales contracts originating with automobile dealers, television manufacturers and furniture and appliance stores as well as making loans to automobile dealers to finance their wholesale purchases of automobiles. The company is one of the larger companies engaged in the small loan business in this country.

For the six months ended Mar. 31, 1953, Seaboard Finance Company and consolidated subsidiary companies reported gross income of $11,928,872 and net income before preferred dividends of $2,061,476. For the same period one year earlier, similar results were $8,690,662 and $1,534,817.

Los Angeles Bond Club Annual Field Day

LOS ANGELES, Calif.—The Bond Club of Los Angeles will hold its annual field day on Friday, May 29th, at the Wilshire Country Club.

Thomas F. Nichols With A. W. Morris & Co.

BEVERLY HILLS, Calif.—Thomas F. Nichols has become associated with A. W. Morris & Co., 9680 Santa Monica Boulevard, members of the New York and Los Angeles Stock Exchanges. Mr. Nichols was formerly associated with J. A. Hogle & Co., and Shearson, Hammill & Co.

Hardy Opens Branch

SOUTHAMPTON, N. Y.—Hardy & Co., members of the New York Stock Exchange, have opened a branch office at Meeting House Lane and Main Street, under the direction of Lester T. Doyle, partner in the firm.

Townsend, Dabney Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—John W. Scott has become affiliated with Townsend, Dabney & Tyson, 30 State Street, members of the New York and Boston Stock Exchanges.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

Aberdeen Idaho Mining Co., Wallace, Idaho
March 30 (letter of notification) 100,000 shares of non-assessable common stock. **Price** — 15 cents per share. **Proceeds** — To develop mining claims. **Underwriter** — Wallace Brokerage Co., Wallace, Idaho.

ACF-Brill Motors Co., Philadelphia, Pa.
April 20 filed 215,360 shares of common stock (par $2.50) and 44,303.5 common stock subscription warrants. **Price** —At prices not less than 50 cents per share of stock and 25 cents per warrant below current market. **Proceeds**— To Allen & Co., New York. **Underwriter**—None.

Acteon Gold Mines Ltd., Vancouver, B. C., Can.
April 22 filed 250,000 shares of common stock (no par). **Price**—$1 per share (net to company). **Proceeds** — To purchase equipment and supplies. **Underwriter**—M. H. B. Weikel, Los Angeles, Calif.

Air Reduction Co., Inc., New York
April 24 filed 200,000 shares of common stock (no par) to be offered under "Interests in Employee Stock Investment Plan." **Proceeds**—For general corporate purposes. **Underwriter**—None.

Alabama Power Co. (5/12)
April 10 filed $18,000,000 first mortgage bonds due May 1, 1983. **Proceeds**—For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., and Kidder, Peabody & Co. (jointly); Morgan Stanley & Co.; Kuhn, Loeb & Co.; Union Securities Corp., Equitable Securities Corp. and Drexel & Co. (jointly); Lehman Brothers; The First Boston Corp.; Harriman Ripley & Co., Inc. **Bids**—To be received up to 11 a.m. (EDT) on May 12 at office of Southern Services, Inc., 20 Pine St., New York 5, N. Y.

★ **Alpar Manufacturing Corp., Woodside, Calif.**
April 30 (letter of notification) 1,200 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Office** — 380 Mountain Home Road, Woodside, Calif. **Underwriter**—None.

Aluminium Ltd.
March 30 filed 818,657 shares of capital stock (no par) being offered for subscription by stockholders of record on April 24 at rate of one new share for each 10 shares held; rights to expire on May 15. **Price**—$33.50 Canadian dollars; or $34 U. S. dollars. **Proceeds**—For expansion program. **Dealer Managers**—The First Boston Corp. and White, Weld & Co. to head group in United States; and A. E. Ames & Co., Ltd. to head group in Canada. Statement effective April 20.

American Discount Co. of Georgia
April 16 filed $2,000,000 of 5.90% capital debentures due May 1, 1973. **Price**—At par (in denominations of $1,000 each. **Proceeds**—To repay short-term notes and for working capital. **Underwriters**—A. M. Law & Co., Spartanburg, S. C.; Johnson, Lane, Space & Co., Savannah, Ga.; and Interstate Securities Corp., Charlotte, N. C.

Arcturus Electronics, Inc., Newark, N. J.
March 27 (letter of notification) 40,000 shares of class A common stock (par one cent). **Price** — 50 cents per share. **Proceeds**—To Delbert E. Replogle, President. **Underwriter**—Gearhart & Otis, Inc., New York.

★ **Arkansas Fuel Oil Corp., Shreveport, La.**
May 1 filed $23,000,000 of sinking fund debentures due 1973 to be offered at rate of $10.60 principal amount of debentures in exchange for each share of 6% cumulative preferred stock (par $10) of Arkansas Natural Gas Corp. In lieu thereof, preferred stockholders may elect to take cash. **Proceeds**—To retire said preferred stock. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Lazard Freres & Co. (jointly); Equitable Securities Corp.; Smith, Barney & Co.; Blyth & Co., Inc. **Offering**—Expected early in June.

Arkansas Louisiana Gas Co. (5/26)
April 22 filed $35,000,000 of first mortgage bonds due 1978. **Proceeds**—To repay $24,500,000 bank loans and for new construction, etc. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Lazard Freres & Co. (jointly); Union Securities Corp.; Smith, Barney & Co.; Equitable Securities Corp. **Bids**—Expected to be received on May 26.

Armstrong Rubber Co.
March 31 filed $4,000,000 of 5% convertible subordinated debentures due May 1, 1973. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Business**—Manufacturer of tires and tubes. **Underwriter**—Reynolds & Co., New York. **Offering**—Temporarily postponed.

Ashland Oil & Refining Co.
Feb. 27 filed 100,000 shares of cumulative second preferred stock, $1.50 series of 1952 (no par) (convertible prior to June 15, 1962) to be offered for subscription by officers and employees of company and its American and Canadian subsidiaries under a "Restricted Stock Option Plan for Employees." **Price**—Alternate provisions fix the purchase price at 85% and 100%, respectively, of the market value of the stock at the time the options are granted. **Proceeds**—For working capital and used in part for property additions and improvements. **Underwriter**—None.

Athabasca Uranium Mines, Ltd. (formerly American-Canadian Uranium Co., Ltd.).
April 17 filed 500,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—For engineering, development and mining expenses. **Underwriter**—George D. Clarke, Ltd., 50 Broad Street, New York.

Atomic Uranium Corp., Denver, Colo.
March 23 (letter of notification) 232,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—For exploration. **Office**—Interstate Trust Bldg., Denver, Colo. **Underwriter**—Luckhurst & Co., Inc., New York.

● **Aviation Equipment Corp. (5/13)**
April 17 filed $1,000,000 of 6% subordinated debentures due 1964; 8,000 shares of 6% preferred stock (par $50); and depositary receipts representing 8,000 shares of common stock (par $1) to be offered in units of a $1,000 debenture, eight shares of preferred stock and depositary receipts representing eight shares of common stock. **Price** —To be supplied by amendment. **Proceeds**—From sale of securities, together with $4,000,000 to be borrowed from bank, to acquire airplanes and equipment and for working capital. **Underwriter**—Union Securities Corp., New York.

Basin Oil Corp., Evansville, Ind.
April 20 (letter of notification) 403,044 shares of common stock (par 10 cents), of which 123,044 shares are to be offered by selling stockholders. **Price**—62½ cents per share. **Proceeds**—For working capital. **Office**—419 Grein Bldg., Evansville, Ind. **Underwriters**—Cruttenden & Co. and Mason, Moran & Co., both of Chicago, Ill.

★ **Blackwood & Nichols Co., Oklahoma City, Okla., and Oil & Gas Co., Madison, N. J.**
May 1 filed 359 working interests in oil and gas leases to be offered for sale "as a speculation." **Price**—$1,392.75 per working interest. **Proceeds**—For development of oil and gas leases. **Underwriter**—None.

★ **Boriana Lease, Kingman, Ariz.**
April 29 (letter of notification) income notes at $100 or multiples thereof which entitle holders thereof to repayment of the principal amount of their loans from the net profits of the lease. **Proceeds**—To purchase equipment and for working capital. **Underwriter**—Twichell & Co., Inc., Buffalo, N. Y.

Continued on page 42

NEW ISSUE CALENDAR

May 11, 1953
Central Power & Light Co. .... Bonds
(Bids noon CDT)
Household Service, Inc. .... Pfd. & Com.
(Mohawk Valley Investing Co., Inc.)
New Orleans Public Service Inc. .... Bonds
(Bids noon EST)

May 12, 1953
Alabama Power Co. .... Bonds
(Bids 11 a.m. EDT)
Columbia Gas System, Inc. .... Common
(Bids 11 a.m. EDT)
Flock Gas & Oil Corp., Ltd. .... Common
(Peter Morgan & Co.)
Foote Bros. Gear & Machine Corp. .... Preferred
(A. C. Allyn & Co., Inc.)
Schlafly Nolan Oil Co., Inc. .... Common
(L. H. Rothchild & Co.)
Texas Eastern Production Corp. .... Common
(Offering to stockholders of Texas Eastern Transmission Corp. Underwritten by Dillon, Read & Co. Inc.)
Western Maryland Ry. .... Equip. Tr. Ctfs.
(Bids 1 p.m. EDT)
Woodley Petroleum Co. .... Debentures
(A. G. Becker & Co., Inc.)

May 13, 1953
Aviation Equipment Corp. .... Debs. & Stock
(Union Securities Corp.)
Lone Star Gas Co. .... Preferred
(Offering to common stockholders—underwritten by The First Boston Corp.)
Meredith Publishing Co. .... Common
(Stone & Webster Securities Corp.)
New York, Chicago & St. Louis RR. .. Eqp. Tr. Ctfs.
(Bids noon CDT)
Philadelphia Electric Co. .... Preferred
(Bids noon EDT)
Reading Co. .... Equip. Trust Ctfs.
(Bids noon EDT)
Sunray Oil Corp. .... Common
(Eastman, Dillon & Co.)

May 14, 1953
General Contract Corp. .... Preferred
(G. H. Walker & Co.) $5,000,000
Securities Acceptance Corp. .... Preferred
(Cruttenden & Co.; Wachob-Bender Corp.; and The First Trust Co. of Lincoln, Neb.)

May 18, 1953
Southern Natural Gas Co. .... Debentures
(Bids noon EDT)
Texas Power & Light Co. .... Bonds & Preferred
(Bids 11:30 a.m. EDT)
Texas Western Oil Co., Inc. .... Common
(Walter Aronheim)

May 19, 1953
Metropolitan Edison Co. .... Bonds
(Bids 11 a.m. EDT)
Pacific Gas & Electric Co. .... Bonds
(Bids 8:30 a.m. PDT)
Southern Natural Gas Co. .... Bonds
(Bids noon EDT)
Weston Electrical Instrument Corp. .... Common
(Offering to stockholders—underwritten by Merrill Lynch, Pierce, Fenner & Beane) 107,055 shares

May 20, 1953
Philadelphia Electric Co. .... Bonds
(Bids noon EDT)
Texas Industries, Inc. .... Debentures
(Rauscher, Pierce & Co.; A. C. Allyn & Co., Inc.; and Russ & Co.) $3,500,000

May 22, 1953
Smith (Alexander), Inc. .... Debentures
(Offering to stockholders—underwritten by Morgan Stanley & Co. and Dominick & Dominick) $4,689,600

May 25, 1953
Bangor & Aroostook RR. .... Bonds
(Bids 5:30 p.m. EDT)
Peruvian Oil Concessions Co., Inc. .... Common
(B. G. Phillips & Co.)
Phillips Petroleum Co. .... Debentures
(Offering to stockholders—underwritten by The First Boston Corp.) $162,222,000
Shield Chemical Corp. .... Common
(Peter W. Spiess & Co.)

May 26, 1953
Arkansas Louisiana Gas Co. .... Bonds
(Bids to be invited)
Consolidated Natural Gas Co. .... Debentures
(Bids 11:30 a.m. EDT)
Government Employees Corp. .... Common
(Offering to stockholders—no underwriting)
Three States Natural Gas Co. .... Common
(Lehman Brothers) 500,000 shares

May 27, 1953
Hammacher, Schlemmer & Co. Inc. .... Stocks
(Bids 3 p.m. EDT)
Potomac Electric Power Co. .... Bonds
(Bids to be invited) $10,000,000
Potomac Electric Power Co. .... Common
(Offering to stockholders—underwritten by Dillon, Read & Co. Inc. and Johnston, Lemon & Co.) 852,840 shares

May 28, 1953
Gray Manufacturing Co. .... Common
(Offering to stockholders—no underwriting)

June 2, 1953
Texas Utilities Co. .... Common
(Bids 11 a.m. EDT)

June 4, 1953
General Public Utilities Corp. .... Common
(Offering to stockholders—no underwriting)

June 9, 1953
American Gas & Electric Co. .... Common
(Bids to be invited)
Gulf Power Co. .... Bonds
(Bids 11 a.m. EDT)
Iowa Public Service Co. .... Bonds
(Bids to be invited)

June 10, 1953
New England Electric System .... Common
(Offering to stockholders—bids noon EDT)

June 23, 1953
New York Telephone Co. .... Bonds
(Bids 11 a.m. EDT)
Pennsylvania Electric Co. .... Bonds
(Bids 11 a.m. EDT)

Aug. 3, 1953
Denver & Rio Grande Western RR. .... Equip. Trust Ctfs.
(Bids to be invited)

Continued from page 41

★ Boston Fund, Inc., Boston, Mass.
April 29 filed 250,000 shares of common stock. **Price**—At market. **Proceeds**—For investment. **Underwriter**—Vance, Sanders & Co., Boston, Mass.

Bristol Oils Ltd., Toronto, Canada
Sept. 25 filed 1,000,000 shares of common stock (par $1). **Price**—Approximately 64.48 cents per share. **Proceeds**—To acquire leases and for corporate purposes. **Underwriter**—None. To be named by amendment.

Brooks & Perkins, Inc., Detroit, Mich.
April 22 (letter of notification) 6,475 shares of common stock (par $1). **Price**—$6 per share. **Proceeds**—To underwriter, Watling, Lerchen & Co., Detroit, Mich.

Byrd Oil Corp., Dallas, Tex.
Oct. 22 filed $1,750,000 of 10-year 5½% convertible sinking fund mortgage bonds due Nov. 1, 1962, to be offered for subscription by common stockholders at the rate of $100 of bonds for each 28 shares of stock held (for a 14-day standby). Certain stockholders have waived their rights. **Price**—At par. **Proceeds**—To repay $1,014,500 of outstanding notes and for drilling expenses and working capital. **Underwriters**—Dallas Rupe & Son, Dallas, Tex.; Carl M. Loeb, Rhoades & Co., New York; and Straus, Blosser & McDowell, Chicago, Ill. **Offering**—Postponed.

California-Pacific Utilities Co.
April 15 filed 50,000 shares of cumulative convertible preferred stock. **Price**—At par ($20 per share). **Proceeds**—To repay bank loans and for new construction. **Underwriter**—First California Co., Inc., Los Angeles, Calif.

California Tungsten Corp. (name to be changed to Uranium Mines Corp. of America), Salt Lake City, Utah
March 30 (letter of notification) 1,999,000 shares of common stock. **Price**—15 cents per share. **Proceeds**—For working capital, etc. **Underwriter**—Tellier & Co., New York.

★ Carolina Casualty Insurance Co., Burlington, N. C.
April 29 (letter of notification) 103,506 shares of class B non-voting common stock (par $1). **Price**—$2 per share. **Proceeds**—To increase capital and surplus. **Office**—262 Morehead St., Burlington, N. C. **Underwriter**—None.

Cascade Natural Gas Corp., Seattle, Wash.
March 30 (letter of notification) 60,720 shares of common stock (no par) to be offered in exchange for 11,400 shares of 8% cumulative convertible preferred stock (par $5) and common stock (par $5) of Northwest Cities Gas Co. on a 1-for-5½ basis, plus 25 cents in cash. **Price**—$25 per share. **Proceeds** — To acquire aforementioned stocks. **Underwriter**—Sheridan Bogan Paul & Co., Philadelphia, Pa.

Central City Milling & Mining Corp.
March 4 (letter of notification) 1,800,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining operations. **Underwriter**—R. L. Hughes & Co., Denver. Colo.

Central Fibre Products Co., Inc., Quincy, Ill.
March 23 (letter of notification) 2,400 shares of common stock (par $5). **Price**—At market (approximately $39.50 per share). **Proceeds** — To E. Carey, Jr., and W. D. P. Carey, the two selling stockholders. **Underwriters**—Bosworth, Sullivan & Co., Denver, Colo.

● Central Power & Light Co. (5/11)
April 20 filed $8,000,000 first mortgage bonds, series E, due May 1, 1983. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., Harriman Ripley & Co. Inc., and Stone & Webster Securities Corp. (jointly); Union Securities Corp.; Kuhn, Loeb & Co.; Kidder, Peabody & Co.; Lehman Brothers and Glore, Forgan & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Salomon Bros. & Hutzler (jointly); The First Boston Corp. **Bids**—To be received up to noon (CDT) on May 11 at 20 No. Wacker Drive, Chicago 6, Ill.

Columbia Gas System, Inc. (5/12)
April 9 filed 1,700,000 shares of common stock (no par). **Proceeds**—To repay bank loans and for construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Beane, White, Weld & Co. and R. W. Pressprich & Co. (jointly); Morgan Stanley & Co. **Bids**—Tentatively scheduled to be received up to 11 a.m. (EDT) on May 12.

Computer Manufacturing Corp., New York
April 13 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—Principally for working capital and for general corporate purposes. **Underwriter** — R. V. Klein Co. New York.

Consolidated Natural Gas Co. (5/26)
April 17 filed $40,000,000 of debentures due 1978. **Proceeds**—To purchase securities of operating subsidiaries to finance their construction expenditures, estimated at $49,000,000 for 1953. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. and The First Boston Corp. (jointly); White, Weld & Co. and Paine, Webber, Jackson & Curtis (jointly). **Bids**—Expected to be received up to 11:30 a.m. (EDT) on May 26.

Cooperative Grange League Federation Exchange, Inc.
Feb. 13 filed 50,000 shares of 4% cumulative preferred stock (par $100) and 700,000 shares of common stock (par $5). **Price**—At par. **Proceeds**—For working capital. **Business**—Production of dairy and poultry feeds. **Office**—Ithaca, N. Y. **Underwriter**—None.

Coronado Copper Mines Corp.
Jan. 23 (letter of notification) 299,970 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To acquire leases, for exploration expenses, to repay loans and for working capital. **Office**—100 West 10th St., Wilmington, Del. **Underwriter**—Charles J. Maggio, Inc., New York. Letter to be withdrawn.

★ Daveat Milk Processes Co., Kensington, Md.
May 1 (letter of notification) 30,000 shares of common stock. **Price**—$10 per share. **Proceeds**—For equipment. **Address**—c/o Charles Woodworth, 3814 Everett St., Kensington, Md. **Underwriter**—None.

● Dixie Fire & Casualty Co., Greer, S. C.
April 9 (letter of notification) 8,000 shares of common stock (par $10) being offered first to stockholders of record April 1 at rate of one share for each 6¼ shares held; rights to expire May 25. **Price**—$25 per share. **Proceeds**—For working capital. **Underwriter**—None.

★ Eisenhower (Gerald V.), Greeley, Colo.
April 29 (letter of notification) limited partnership interests in an aggregate amount of $36,000. **Proceeds**—For operating expenses. **Office**—1307 Eighth St., Greeley, Colo. **Underwriter**—None.

Federal Electric Products Co.
March 31 filed 220,000 shares of common stock (par $1) and $2,000,000 of 6% subordinated income debentures due 1968 (with warrants attached to purchase an additional 120,000 shares at prices ranging from $7.50 to $17.50 per share. **Price**—For common stock, $7 per share and for debentures, at 100% of principal amount. **Proceeds**—To repay loans. **Business**—Manufacture of devices for control of low voltage electrical energy. **Underwriter**—H. M. Byllesby & Co., Inc., Chicago, Ill.; Hayden, Stone & Co., New York. **Offering**—Expected today (May 7).

★ Fischer & Porter Co., Hatboro, Pa.
May 1 (letter of notification) approximately 8,938 shares of participating preferred stock and common stock (par $1). **Price**—At book value (equal to $12.03 at March 31, 1953), plus accrued dividends in case of participating preferred stock. **Proceeds**—For additions to plant and equipment, and for working capital. **Underwriter**—None.

● Flock Gas & Oil Corp., Ltd., Calgary, Can. (5/12)
March 19 filed 800,000 shares of common stock (par 20 cents). **Price**—$2 per share. **Proceeds**—For development of properties now held by it, for acquiring and holding reservations and leases or participating therein, for exploration and drilling expenses, etc. **Underwriter**—Peter Morgan & Co., New York.

● Foote Bros. Gear & Machine Corp. (5/12-13)
April 20 filed 100,000 shares of cumulative convertible prefererd stock (par $15). **Price** — To be supplied by amendment. **Proceeds**—To retire presently outstanding 6,500 shares of convertible preferred stock (par $10) and for working capital. **Underwriter**—A. C. Allyn & Co., Inc., Chicago, Ill.

● General Contract Corp. (5/14-15)
April 17 filed 500,000 shares of 6% preferred stock (par $10) to be offered for subscription by common stockholders at rate of one share for each 3.3 common shares held. Unsubscribed shares to be offered in exchange for series A preferred stock (with a cash adjustment). **Price**—To be supplied by amendment (probably around $11 per share). **Proceeds**—To redeem series A preferred shares outstanding, to repay loans and for working capital. **Underwriter**—G. H. Walker & Co., New York and St. Louis. **Offering**—Expected May 14 or 15 for a 10-day standby.

★ General Public Utilities Corp. (6/4)
May 6 filed 568,665 shares of common stock (par $5) to be offered for subscription by common stockholders at the rate of one new share for each 15 shares held. **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans and for investments in subsidiaries. **Underwriter**—None. Merrill Lynch, Pierce, Fenner & Beane acted as clearing agent in previous stock offer.

★ Government Employees Corp., Washington, D. C. (5/26)
May 1 (letter of notification) 12,000 shares of common stock (par $5) to be offered to common stockholders of record April 28 on the basis of one new share for each five shares held; rights to expire on June 24. Subscription warrants are to be issued on May 26. **Price**—$15 per share. **Proceeds**—For working capital. **Office**—Government Employees Insurance Bldg., 14th and L Sts., N. W., Washington, D. C. **Underwriter**—None.

Grand Bahama Co., Ltd., Nassau
Feb. 3 filed $1,350,000 20-year 6% first mortgage convertible debentures due March, 1973, and 1,565,000 shares of class A stock (par 10 cents). **Price**—Par for debentures and $1 per share for stock. **Proceeds** — For new construction. **Business** — Hotel and land development. **Underwriter**—Gearhart & Otis, Inc., New York.

★ Gray Manufacturing Co., Hartford, Conn. (5/28)
May 1 filed 55,313 shares of capital stock (par $5) to be offered for subscription by stockholders on the basis of one new share for each four shares held as of May 28; rights to expire about June 17. **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes. **Underwriter**—None.

Household Service, Inc. (5/11)
April 27 (letter of notification) 1,000 shares of 6% cumulative preferred stock (par $25) and 125 shares of common stock (par $10) to be offered in units of eight shares of preferred and one share of common stock. **Price**—$200 per unit. **Proceeds**—To payment of $15,000 notes and purchase additional gas equipment. **Underwriter**—Mohawk Valley Investing Co., Inc., Utica, N. Y.

Hydrocap Eastern, Inc., Philadelphia, Pa.
April 27 filed 500,000 shares of common stock, of which underwriters have agreed to purchase 100,000 shares for public sale and to use "best efforts" to sell remaining shares. **Price**—At par ($1 per share). **Proceeds**—To establish assembly plant and acquire raw materials. **Underwriter**—Barnam & Co., Coral Gables, Fla.

● Independent Plow, Inc., Neodesha, Kan.
Feb. 26 filed 100,000 shares of participating convertible class A stock (par $5) being offered for subscription by common and preferred stockholders at rate of one share of class A stock for each 3¼ shares of preferred and/or common stock held as of April 23; rights will expire on May 11. **Price**—$6.50 per share. **Proceeds**—To repay balance of RFC loan ($192,311) to redeem outstanding preferred stock ($66,341); and for working capital. **Underwriter**—Barrett Herrick & Co., Inc., New York.

★ Inland Western Loan & Finance Corp., Phoenix, Ariz.
April 30 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For working capital. **Office** — 105 West Indian School Road, Phoenix, Ariz. **Underwriter**—None.

Insurance Co. of North America, Phila., Pa.
April 16 filed 30,000 shares of capital stock (par $5) to be offered for sale to employees of company and five affiliated companies. **Underwriter**—None.

International Harvester Co., Chicago, Ill.
April 24 filed 768,000 shares of common stock (no par) to be offered for subscription by certain employees of company and its subsidiaries under Employees' Common Stock Subscription Plan of 1953. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriter**—None.

Interstate Fire & Casualty Co., Bloomington, Ill.
March 26 filed 28,000 shares of capital stock (par $10) to be offered for subscription by stockholders of record April 1 at the rate of 1 3/11 shares for each share held. **Price**—$16.50 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None.

★ Iowa Public Service Co. (6/9)
May 1 filed $7,500,000 of first mortgage bonds due June 1, 1983. **Proceeds** — To repay $1,000,000 bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Kuhn, Loeb & Co.; Kidder, Peabody & Co. and Blyth & Co., Inc. (jointly); Lehman Brothers, Bear, Stearns & Co. and L. F. Rothschild & Co. (jointly); Union Securities Corp. and Salomon Bros. & Hutzler (jointly). **Bids**—Expected to be received on June 9.

Israel Investors, Inc., New York
April 24 filed 86,960 shares of common stock (no par) to be sold in units of 10 shares each. **Price**—$1,150 per unit payable in cash or no more than $1,000 in State of Israel Independence Issue bonds and the balance in cash. **Proceeds**—To aid economic development of Israel. **Underwriter**—None.

Junction City (Kan.) Telephone Co.
March 3 (letter of notification) $206,000 of 4½% first mortgage bonds, series A, due Feb. 1, 1977. **Price**—100% and accrued interest. **Proceeds**—For general corporate purposes. **Underwriter**—Wachob-Bender Corp., Omaha, Nebraska.

Keystone Helicopter Corp., Phila., Pa.
April 23 (letter of notification) 295,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To purchase helicopter and equipment and for working capital. **Office**—Land Title Bldg., Philadelphia, Pa. **Underwriter**—None.

★ Kilburg (James) Corp., San Mateo, Calif.
May 1 (letter of notification) 180,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To pay indebtedness and for expenses. **Office**—315 Eighth Ave., San Mateo, Calif. **Underwriter**—None.

★ LaCrosse Telephone Corp., LaCrosse, Wis.
April 29 (letter of notification) 10,000 shares of common stock (par $10). **Price**—$11.25 per share. **Proceeds**—To extend and improve facilities. **Underwriters**—Loewi & Co., Milwaukee, Wis.; and Bell & Farrell, Inc., Madison, Wis.

★ Lawrence Gas & Electric Co.
April 29 (letter of notification) 113 fractional scrip certificates being issued in connection with plan for separation of company's properties. Under plan, stockholders will receive 1½ shares of $10 par stock of company (name to be changed to Lawrence Electric Co.) and one share of $10 stock of Lawrence Gas Co. Scrip certificates are to be issued in lieu of fractional shares. **Price**—$12 per certificate (whether sold or purchased). **Underwriter**—None.

★ Lewis (E. L.) Co., Inc., Spartanburg, S. C.
April 20 (letter of notification) 47,132 shares of common stock (par $1) to be offered to stockholders on the basis of one new share for each two shares held. **Price** — $1.12½ per share. **Proceeds** — For expansion program. **Underwriters**—Dargan & Co. and Calhoun & Co., both of Spartanburg, S. C.

● Lone Star Gas Co. (5/13)
April 22 filed 183,300 shares of cumulative convertible preferred stock to be offered to common stockholders of record May 13 at the rate of one preferred share for each 30 shares of common stock held; rights to expire May 27. **Price**—At par ($100 per share). **Proceeds**—For working capital and for additions and improvements to property. **Underwriter** — The First Boston Corp., New York.

• Marathon Corp., Menasha, Wis.
March 20 filed 614,872 shares of common stock (par $6.25) being offered in exchange for stock of Northern Paper Mills on the basis of six shares for each share of Northern common stock and five shares for each share of Northern preferred stock. Offer will expire on May 22. **Underwriter**—None.

McCarthy (Glenn), Inc.
June 12 filed 10,000,000 shares of common stock (par 25 cents). **Price**—$2 per share. **Proceeds**—For drilling of exploratory wells, acquisition of leases and for general corporate purposes. **Underwriter**—B. V. Christie & Co., Houston, Tex. **Dealer Relations Representative**—George A. Searight, 50 Broadway, New York, N. Y. Telephone WHitehall 3-2181. **Offering**—Date indefinite.

Mechanical Handling Systems, Inc.
March 31 filed 120,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To purchase common stock of The Louden Machinery Co. **Business**—Manufacture and sale of conveyors in industrial and commercial applications. **Office**—Detroit, Mich. **Underwriter**—Kidder, Peabody & Co., New York. **Offering**—Indefinitely postponed.

• Meredith Publishing Co. (5/13-14)
April 24 filed 258,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter** — Stone & Webster Securities Corp., New York.

Metropolitan Edison Co., Reading, Pa. (5/19)
April 15 filed $8,000,000 of first mortgage bonds due 1983. **Proceeds**—For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and Salomon Bros. & Hutzler (jointly); White, Weld & Co.; The First Boston Corp.; Kidder, Peabody & Co. and Drexel & Co (jointly); Harriman Ripley & Co., Inc. and Union Securities Corp. (jointly); Blyth & Co., Inc. **Bids**—Tentatively scheduled to be received up to 11 a.m. (EDT) on May 19.

Mex-American Minerals Corp., Granite City, Ill.
Nov. 3 filed 113,000 shares of 6% cumulative preferred stock (par $5) and 113,000 shares of common stock (par 10 cents) to be offered in units of one share of each class of stock. **Price**—$6 per unit. **Proceeds**—For working capital. **Business**—Purchase, processing, refining and sale of Fluorspar. **Underwriter** — To be supplied by amendment.

★ Michigan Consolidated Gas Co.
May 1 filed $20,000,000 of first mortgage bonds due 1978. **Proceeds**—From sale of bonds, plus proceeds from sale of 215,000 shares of common stock (par $14) to American Natural Gas Co., parent, for $3,010,000, to be used to repay bank loans and for construction program. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Lehman Brothers (jointly); Smith, Barney & Co. and Blyth & Co., Inc. (jointly); Harriman Ripley & Co., Inc., and Union Securities Corp. (jointly). **Bids**—Expected to be received about mid-June.

Mid-Gulf Oil & Refining Co.
Nov. 10 (letter of notification) 400,000 shares of common stock (par five cents). **Price**—60 cents per share. **Proceeds**—To acquire additional properties. **Office**—927-929 Market St., Wilmington, Del. **Underwriter**—W. C. Doehler Co., Jersey City, N. J.

★ Monarch Machine Tool Co., Sidney, Ohio
April 29 (letter of notification) 3,700 shares of common stock (no par). **Price**—At market (about $17.87½ per share). **Proceeds**—To Wendell E. Whipp, Board Chairman. **Underwriters**—Dominick & Dominick, New York; and Ball, Burge & Kraus, Dayton, Ohio.

• Montana-Dakota Utilities Co.
April 15 filed 293,108 shares of common stock (par $5) being offered for subscription by common stockholders on basis of one new share for each five shares held on May 5; rights to expire May 20. **Price**—$21.87½ per share. **Proceeds**—To repay $5,250,000 short-term loans and for new construction. **Underwriter** — Blyth & Co., Inc. and Merrill Lynch, Pierce, Fenner & Beane, both of New York.

Mount Holly (N. J.) Water Co.
April 14 (letter of notification) 5,000 shares of common stock (no par) to be offered for subscription by common stockholders of record April 29 at rate of one new share for each share held (with an oversubscription privilege); rights to expire May 29. **Price**—$22 per share. **Proceeds**—To repay bank loans, etc. and for capital additions. **Underwriter**—None.

★ New England Electric System (6/10)
May 4 filed 828,516 additional shares of common stock (par $1) to be offered for subscription by common stockholders of record June 11 on the basis of one new share for each 10 shares held (with an oversubscription privilege); rights to expire on or about June 25. Warrants are expected to be mailed on June 11. **Price**—To be set by company on June 8. **Proceeds**—For expansion program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc., Lehman Brothers and Bear, Stearns & Co. (jointly); Merrill Lynch Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—To be received up to noon (EDT) on June 10 at 441 Stuart St., Boston 16, Mass.

• New Orleans Public Service Inc. (5/11)
March 12 filed $6,000,000 of first mortgage bonds due 1983. **Proceeds**—For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); Equitable Securities Corp.; Union Securities Corp. **Bids**—To be received up to noon (EST) on May 11 at Two Rector St., New York 6, N. Y.

North American Peat Moss Co., Inc. (N. Y.)
April 10 filed 500,000 shares of common stock (par 10 cents). **Price** — $1 per share. **Proceeds** — To purchase equipment and for working capital. **Underwriter**—R. A. Keppler & Co., Inc., New York.

• Northern Natural Gas Co.
April 15 filed 548,100 shares of common stock (par $10), being offered for subscription by common stockholders of record May 5 on basis of one new share for each five shares held (with an oversubscription privilege); rights to expire on May 19. Unsubscribed shares are to be offered to employees. **Price**—$35.25 per share. **Proceeds**—From sale of stock, together with proposed sale in June of $40,000,000 of debentures, to be used to repay bank loans and for construction program. **Underwriter**—Blyth & Co., Inc., New York and San Francisco.

Northlands Oils Ltd., Canada
Nov. 21 filed 1,000,000 shares of capital stock (par 20¢ — Canadian) and subscription warrants for 600,000 shares, of which the stock and subscription warrants for 400,000 shares are to be offered in units of 100 shares of stock and subscription warrants for 40 shares. **Price**—$52 per unit. **Proceeds**—For drilling of additional wells and to purchase producing wells. **Underwriter**—M. S. Gerber, Inc., New York. Financing may be revised.

Noryn Mines Ltd., Hull, Quebec, Canada
April 23 filed 500,000 shares of common stock (par $1). **Price**—50 cents per share. **Proceeds**—To repay loans and for other corporate purposes. **Underwriter**—None.

• Pacific Gas & Electric Co. (5/19)
April 21 filed $65,000,000 of first and refunding mortgage bonds, series V, due June 1, 1984. **Proceeds** — To retire short term loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; The First Boston Corp. **Bids**—To be received up to 8:30 a.m. (PDT) on May 19 at 245 Market St., San Francisco, Calif.

★ Pacific Power & Light Co.
April 29 (letter of notification) 15,000 shares of common stock (no par) to be offered under employees' stock option plan. **Price**—95% of the market price on the last day preceding subscription. **Underwriter**—None.

★ Packaging Materials Corp., Providence, R. I.
April 29 (letter of notification) $160,000 of 5% debentures due Dec. 15, 1960, and 2,000 shares of common stock (no par) to be offered in units of an $80 debenture and one share of common stock. **Price**—$100 per unit. **Proceeds** — For purchase of machinery. **Office** — 607 Hospital Trust Bldg., Providence, R. I. **Underwriter**—None.

Palestine Economic Corp., New York
March 6 filed 100,000 shares of common stock (par $25). **Price**—$28 per share. **Proceeds** — For development of Israel industry, etc., and for working capital. **Underwriter**—None.

★ Palmer Stendel Oil Corp., Santa Barbara, Calif.
May 1 (letter of notification) 160,000 shares of common stock (par 10 cents). **Price**—45 cents per share. **Proceeds**—To E. M. and Marjorie L. Bratter, trustees. **Underwriter**—Burnham & Co., New York.

Pennant Drilling Co., Inc., Denver, Colo.
March 23 (letter of notification) 42,507 shares of common stock (par $1). **Price**—$1.30 per share. **Proceeds**—To Morris Replin, the selling stockholder. **Underwriter**—Peters, Writer & Christensen, Inc., Denver, Colo.

• Peruvian Oil Concessions Co., Inc. (5/25)
Jan. 16 filed 9,000,000 shares of common stock (par $1) (amended April 24 to 1,000,000 shares). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Business**—Plans to produce and sell petroleum and its products from lands to be held under concession from the Peruvian Government. **Underwriter**—B. G. Phillips & Co., New York.

Philadelphia Electric Co. (5/13)
April 10 filed 150,000 shares of cumulative preferred stock (par $100). **Proceeds**—For new construction and to repay bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Morgan, Stanley & Co.; W. C. Langley & Co. and Glore, Forgan & Co. (jointly); The First Boston Corp.; Union Securities Corp. **Bids**—To be received up to noon (EDT) on May 13 at 1000 Chestnut St., Philadelphia, Pa.

Philadelphia Electric Co. (5/20)
April 10 filed $30,000,000 of first and refunding mortgage bonds due 1983. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Drexel & Co. and Morgan Stanley & Co. (jointly); Kuhn, Loeb & Co. and Union Securities Corp. (jointly); White, Weld & Co.; The First Boston Corp. **Bids**—To be received up to noon (EDT) on May 20 at 1000 Chestnut St., Philadelphia, Pa.

Philadelphia Electric Co. (6/2)
April 10 filed 100,000 shares of common stock (no par) to be offered for subscription by employees of company and its subsidiaries. **Price**—From 85% to 95% of the then current market price. **Proceeds**—For construction program. **Underwriter**—None.

★ Phillips Petroleum Co. (5/25)
May 4 filed approximately $162,222,000 of 30-year sinking fund debentures due June 1, 1983 (convertible into common stock for 10 years), to be offered for subscription by common stockholders at rate of $100 of debentures for each nine shares of stock held. **Price**—To be supplied by amendment. **Proceeds**—To repay approximately $113,000,000 of bank debt and for capital expenditures and other corporate purposes. **Underwriter**—The First Boston Corp., New York.

Plume & Atwood Manufacturing Co., Waterbury, Conn.
April 2 (letter of notification) 13,500 shares of common stock (no par) being offered for subscription by stockholders of record April 17 at rate of one new share for each four shares held; rights to expire May 15. **Price**—$16 per share. **Proceeds**—For plant expansion and equipment. **Office**—470 Bank St., Waterbury, Conn. **Underwriter**—None.

★ Potomac Electric Power Co. (5/27)
April 30 filed $10,000,000 first mortgage bonds due 1988. **Proceeds**—To repay bank loans. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers, Stone & Webster Securities Corp. and Union Securities Corp. (jointly); First Boston Corp.; Kidder, Peabody & Co., Merrill Lynch, Pierce, Fenner & Beane, White, Weld & Co. and Salomon Bros. & Hutzler (jointly); Kuhn, Loeb & Co. and Blyth & Co. Inc. (jointly); Dillon, Read & Co. Inc ; Harriman Ripley & Co., Inc. **Bids**—Expected to be received on or about May 27.

★ Potomac Electric Power Co. (5/27)
April 30 filed 852,840 shares of common stock (par $10) to be offered for subscription by common stockholders on the basis of one new share for each five shares held of record on or about May 27. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—Dillon, Read & Co. Inc., New York; and Johnston, Lemon & Co., Washington, D. C.

Resort Airlines, Inc., Miami, Fla.
March 6 (letter of notification) 724,687 shares of common stock (par 10 cents) to be offered for subscription by stockholders on a pro rata basis. **Price**—20 cents per share. **Proceeds**—For working capital. **Address**—Box 242, International Airport, Miami 48, Fla. **Underwriter**—None.

• Saint Anne's Oil Production Co.
April 23 filed 270,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To acquire stock of Neb-Tex Oil Co., to pay loans and for working capital. **Office**—Northwood, Iowa. **Underwriter**—Sills, Fairman & Harris and H. M. Byllesby & Co., Inc., both of Chicago, Ill. **Offering**—Expected end of May or early June.

• Schlafly Nolan Oil Co., Inc. (5/12)
March 25 filed 150,000 shares of common stock (par 25 cents). **Price**—$4 per share. **Proceeds**—To purchase and sell leaseholdes, royalties and producing properties, to prospect for oil and gas and to develop and operate producing properties. **Office**—Mt. Vernon, Ill. **Underwriter**—L. H. Rothchild & Co., New York.

• Securities Acceptance Corp. (5/14)
April 24 (letter of notification) 6,000 shares of 5% cumulative preferred stock (par $25). **Price**—$26 per share. **Proceeds** — For working capital. **Underwriters**—Cruttenden & Co., Chicago, Ill.; Wachob-Bender Corp., Omaha, Neb.; and The First Trust Co. of Lincoln (Neb.).

★ Sherer-Gillett Co., Marshall, Mich.
April 29 (letter of notification) 12,499 shares of common stock (par $1) to be offered to stockholders, employees, and a maximum of five others. **Price**—$4 per share. **Proceeds**—To finance sales. **Underwriter**—None.

★ Smith (Alexander), Inc., Yonkers, N. Y. (5/22)
May 1 filed $4,689,600 of subordinate debentures due July 1, 1973, to be offered for subscription by common stockholders of record May 22 at rate of $100 of debentures for each 20 shares held. **Price**—At 100% of principal amount. **Proceeds** — From sale of debentures, together with proceeds from a $3,400,000 loan from an insurance company, and bank borrowings, will be used for expansion, new equipment and working capital. **Underwriters** — Morgan Stanley & Co. and Dominick & Dominick, both of New York. **Offering**—Hinges on sale by Sloane-Blabon Corp., a subsidiary of its assets, which would make marketing of debentures unnecessary.

Soil-Tone Corp., Plymouth, N. C.
March 27 (letter of notification) $150,000 of 6% contingent interest debentures due 1968 (convertible at any time at rate of 500 shares of common stock for each $1,000 debenture); and 150,000 shares of common stock (par $1). **Price**—At par or principal amount. **Proceeds**—To enlarge plant. **Underwriters**—McGinnis & Co., New York, and Stein Bros. & Boyce, Baltimore, Md.

• Southern Bell Telephone & Telegraph Co.
April 9 filed $30,000,000 of 24-year debentures due May 1, 1977. **Proceeds**—To repay advances from American Telephone & Telegraph Co., the parent. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Kuhn, Loeb & Co.; The First Boston Corp. **Bids**—Received on May 5 but rejected.

Southern Natural Gas Co. (5/18)
April 20 filed $34,220,100 of convertible sinking fund debentures due 1973 to be offered for subscription by common stockholders of record May 20 at rate of $100 of debentures for each 10 shares of stock held; rights to expire on June 8. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); Kuhn, Loeb & Co.; Equitable Securities Corp. **Bids**—Tentatively expected to be received up to noon (EDT) on May 18.

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Southern Natural Gas Co. (5/19)
April 20 filed $30,000,000 first mortgage pipeline sinking fund bonds due 1973. **Proceeds**—To repay bank loans and for expansion program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; The First Boston Corp.; Equitable Securities Corp.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jontly). **Bids**—Tentatively scheduled to be received up to noon (EDT) on May 19.

Sun Oil Co., Philadelphia, Pa.
April 27 filed 14,000 memberships in the "Employees' Stock Purchase Plan of Sun Oil Co. and Subsidiaries" and 122,700 shares of common stock (no par) to be reserved for sale to trustees of the plan during July, 1953; also 139,762 additional shares of common stock "for possible public sale by selling stockholders during the period of July 1, 1953 to June 30, 1954." **Underwriter**—None.

● **Sunray Oil Corp., Tulsa, Okla. (5/13)**
April 21 filed 719,881 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To The Atlas Corp., the selling stockholder. **Underwriter** — Eastman, Dillon & Co., New York.

Tennessee Gas Transmission Co.
April 27 filed $1,200,000 of "contributions to be made by employees of company to the thrift plan." **Underwriter**—None.

● **Texas Eastern Production Corp. (5/12-13)**
April 24 filed 1,832,892 shares of common stock (par $5) to be offered for subscription by common stockholders of Texas Eastern Transmission Corp. (parent) of record May 8, 1953 at rate of one share of Production common for each three shares of Transmission common stock held; rights to expire about May 22. **Price**—To be supplied by amendment. **Proceeds**—To repay a $10,000,000 loan obtained or to be obtained to finance the purchase of $9,000,000 of properties in the so-called West Hampshire Field in Texas and the balance will be used to provide additional working capital. **Underwriter**—Dillon, Read & Co., Inc., New York.

★ **Texas Illinois Natural Gas Pipeline Co.**
May 6 filed 927,273 shares of common stock (par $1) to be offered for subscription by common stockholders. **Price**—To be supplied by amendment. **Proceeds**—For new construction and working capital. **Underwriter**—None.

★ **Texas Industries, Inc., Dallas, Tex. (5/20)**
April 30 filed $3,500,000 of 15-year 6% sinking fund debentures (with five-year warrants to buy 175,000 shares of common stock attached), due May 15, 1968. **Price**—At 100% of principal amount. **Proceeds**—To buy stock of three companies, to purchase bonds of one of these companies, to acquire assets of two companies, to redeem bank loans and 6% convertible debentures and for general corporate purposes. **Underwriters**—Rauscher, Pierce & Co., Dallas, Tex.; A. C. Allyn & Co., Inc., Chicago, Ill.; and Russ & Co., San Antonio, Tex.

Texas Power & Light Co. (5/18)
April 13 filed $5,000,000 first mortgage bonds due 1983. **Proceeds**—To reduce bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Blyth & Co., Inc., Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); The First Boston Corp.; Union Securities Corp.; Hemphill, Noyes & Co. and Drexel & Co. (jointly); White, Weld & Co.; Lehman Brothers; Salomon Bros. & Hutzler. **Bids**—To be received up to 11:30 a.m. (EDT) on May 18 at Two Rector St., New York, N. Y.

Texas Power & Light Co. (5/18)
April 13 filed 70,000 shares of cumulative preferred stock (no par). **Proceeds**—To retire bank loans and for additions and improvements. **Underwriter** — May be determined by competitive bidding. Probable bidders: Union Securities Corp., Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); White, Weld & Co.; The First Boston Corp; Kuhn, Loeb & Co., Lehman Brothers and Salomon Bros. & Hutzler (jointly). **Bids**—To be received up to 11:30 a.m. (EDT) on May 18 at Two Rector St., New York, N. Y.

★ **Texas Utilities Co. (6/2)**
April 30 filed 350,000 shares of common stock (no par). **Proceeds** — To increase investments in subsidiaries. **Underwriters**—To be determined by competitive bidding. Probable bidders: The First Boston Corp., Blyth & Co., Inc., First Southwest Co., Rauscher, Pierce & Co., Inc. and Dallas Union Trust Co. (jointly); Union Securities Corp.; Lehman Brothers and Bear, Stearns & Co. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Goldman, Sachs & Co. and Harriman Ripley & Co., Inc. (jointly). **Bids**—Tentatively scheduled to be received up to 11 a.m. (EDT) on June 2 at Two Rector St., New York, N. Y.

● **Texas Western Oil Co., Inc. (5/18)**
March 24 (letter of notification) 250,000 shares of capital stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To drill wells. **Office** — 116A City National Bank Bldg., Houston, Texas. **Underwriter** — Walter Aronheim, 82 Beaver St., New York.

★ **Three States Natural Gas Co., Dallas, Tex. (5/26-27)**
May 6 filed 500,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To reduce bank debt and for general corporate purposes. **Office** — Dallas, Tex. **Underwriter** — Lehman Brothers, New York.

★ **Union Carbide & Carbon Corp., New York**
May 5 filed 417,717 shares of capital stock (no par) to be offered to certain officers and employees of the company under its stock purchase plan.

● **Union Wire Rope Corp.**
March 30 filed 100,000 shares of capital stock (par $5), of which 50,000 shares are being offered for subscription by stockholders of record April 20 at rate of one new share for each 10 shares held (with an oversubscription privilege); 33,300 shares will be sold to one subscriber; and the remaining 16,700 shares will be offered publicy together with any unsubscribed shares. Subscription rights will expire on May 8. **Price**—$15 per share. **Proceeds**—For expansion program and working capital. **Underwriter**—P. W. Brooks & Co., Inc., New York.

Vault Co. of America, Davenport, Iowa
March 2 (letter of notification) 10,000 shares of common stock. **Price** — $10 per share. **Proceeds** — For working capital. **Underwriter**—A. J. Boldt & Co., Davenport, Ia.

● **Walburt Oils Ltd., Toronto, Canada**
April 24 filed 660,000 shares of common stock (par $1) of which 550,000 shares will be offered in the United States and 110,000 shares in Canada. **Price** — $1.02 per share in U. S. and $1 per share in Canada. **Proceeds**—For general corporate purposes. **Underwriier**—Sidney S. Walcott, President of company, Buffalo, N. Y.

Washington Gas Light Co.
April 8 filed 84,967 shares of common stock (no par) being offered for subscription by common stockholders of record April 27 at rate of one new share for each 10 shares held; rights to expire on May 14. **Price**—$28.25 per share. **Proceeds**—For new construction. **Underwriters**—The First Boston Corp., New York; and Johnston, Lemon & Co., Washington, D. C.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20 filed $29,000,000 12-year 6% debentures due Dec. 15, 1964, and 580,000 shares of common stock (par 50 cents) to be offered in units of one $50 debenture and one share of stock. **Price** — To be supplied by amendment. **Proceeds**—From sale of units and 1,125,000 additional shares of common stock and private sale of $55,000,000 first mortgage bonds, to be used to build a 1,030 mile crude oil pipeline. **Underwriters**—White, Weld & Co. and Union Securities Corp., both of New York. **Offering**—Expected in the Spring of 1953.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20 filed 1,125,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, to be used to build pipeline. **Underwriters** — White, Weld & Co. and Union Securities Corp., both of New York. **Offering**—Expected in the Spring of 1953.

Western Homestead Oils, Ltd., Calgary, Alta, Canada
April 24 filed 1,000,000 shares of capital stock (par 10 cents). **Price**—$1.30 per share for first 400,000 shares. **Proceeds**—For general corporate purposes. **Underwriter**—Owen Investors Ltd., of Toronto, Canada, through E. H. Pooler & Co., also of Toronto.

Western Safflower Corp.
April 9 (letter of notification) 240,000 shares of common stock (par 25 cents). **Price**—$1.25 per share. **Proceeds**—To construct plant. **Office**—First National Bank Bldg., Colorado Springs, Colo. **Underwriter**—E. I. Shelley Co., Denver, Colo.

★ **Weston Electrical Instrument Corp. (5/19)**
April 30 filed 107,055 shares of common stock (par $12.50) to be offered to common stockholders of record about May 19 on the basis of one new share for each three shares held; rights to expire on June 2. **Price**—To be supplied by amendment. **Proceeds** — To repay bank loans and for general corporate purposes. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York.

Woodley Petroleum Co., Houston, Tex. (5/12)
April 21 filed $2,500,000 of sinking fund debentures due 1968 and 50,000 shares of cumulative convertible preferred stock (par $50). **Price**—To be supplied by amendment. **Proceeds**—To be applied to the activities of the company's Canadian subsidiary **Underwriter** — A. G. Becker & Co., Inc., Chicago, Ill.

Prospective Offerings

Allis-Chalmers Mfg. Co.
April 7 it was announced stockholders on May 6 will vote on increasing authorized common stock from 3,750,000 shares (no par) to 5,000,000 shares (par $20). It is not presently planned to issue any of the additional stock. **Underwriter**—Previous financing was handled by Blyth & Co., Inc.

American Gas & Electric Co. (6/9)
April 6 it was announced company plans to issue and sell 800,000 additional shares of common stock (par $5). **Proceeds**—To be invested in operating subsidiaries. **Underwriters** — To be determined by competitive bidding. Probable bidders: First Boston Corp.; Union Securities Corp.; Blyth & Co., Inc., and Goldman, Sachs & Co. (jointly). **Registration**—Expected about middle of May. **Bids**—To be received early in June.

● **Arkansas Power & Light Co. (6/8)**
Feb. 2 it was announced company may issue and sell, probably in June, 1953, about $18,000,000 of first mortgage bonds. **Proceeds** — To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Stone & Webster Securities Corp. (jointly); The First Boston Corp.; White, Weld & Co.; Equitable Securities Corp. and Central Republic Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Union Securities Corp. (jointly). **Bids**—Tentatively expected to be received June 8.

Arkansas Power & Light Co.
March 20 it was announced that company may consider refunding the outstanding 47,609 shares of $7 preferred stock (no par) and 45,891 shares of $6 preferred stock (no par), both callable at $110 per share. **Underwriters**—To be determined by competitive bidding. Probable bidders. Blyth & Co., Inc, and Equitable Securities Corp. (jointly); W. C. Langley & Co., and The First Boston Corp. (jointly); Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Beane (jointly); Union Securities Corp.

Atlantic Refining Co.
March 27 it was announced that proposed debenture issue later this year will be around $60,000,000. The exact nature and timing of the financing are still to be determined. Stockholders will vote May 5 on increasing authorized debt from $75,000,000 to $150,000,000. **Proceeds**—To be used to help pay for a $100,000,000 construction program for 1953. **Underwriters**—Smith, Barney & Co. may head group.

Bangor & Aroostook RR. (5/25)
Bids will be received by the RFC at Room 1157, 811 Vermont Ave., N. W., Washington, D. C., prior to 5:30 p.m. (EDT) on May 25 for the purchase from it of $1,675,000 of collateral trust 4% bonds due July 1, 1961. Probable bidders: Halsey, Stuart & Co., Inc.; Blyth & Co., Inc.

Beryllium Corp.
April 23 it was reported company plans to offer additional shares of capital stock (no par) to stockholders on the basis sufficient to raise about $2,500,000 of new money. **Underwriter**—Francis I. du Pont & Co., New York. **Offering**—Expected in June.

Boston Edison Co., Boston, Mass.
April 27 it was announced stockholders will vote June 2 on approving a proposal to offer 246,866 shares of capital stock (par $25) to stockholders on the basis of one new share for each 10 shares held (with an oversubscription privilege). **Proceeds** — For new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: The First Boston Corp.; Blyth & Co., Inc.; Smith, Barney & Co.; Harriman Ripley & Co., Inc.

Central Foundry Co.
March 16 directors voted to offer rights to present preferred and common stockholders to subscribe for additional common stock in the ratio of one share of common stock for each four shares of either common or preferred stock held. **Underwriter**—To be named later. Fred J. Young of F. J. Young & Co., New York is a director.

Central Hudson Gas & Electric Corp.
March 3 it was announced that some portion of the company's financing program for 1953-1954 will involve the sale of $16,550,000 new securities, a portion of which will involve common stock or debt securities convertible into common stock. Stockholders at the annual meeting March 24 voted to authorize an additional 1,000,000 shares of common stock. **Underwriters** — Kidder, Peabody & Co. and Estabrook & Co. handled offering in November, 1949, of $6,000,000 2% convertible debentures.

Central Illinois Public Service Co.
March 26 it was reported that the company may about mid-July sell about $6,000,000 additional common stock (first to common stockholders). **Underwriter**—The First Boston Corp., New York.

Central Louisiana Electric Co., Inc.
April 16 stockholders authorized a block of the authorized common stock for issuance and sale locally in the parishes in which the facilities of the company are located, such stock not to exceed $300,000 in aggregate market value. They also approved issuance of securities convertible into shares of any class of capital stock.

Central Maine Power Co.
Jan. 2 it was reported company plans sale later this year of $10,000,000 common stock (in addition to $10,000,000 of 1st & gen. mtge. bonds sold March 10, 1953), after distribution by New England Public Service Co. of its holdings of Central Maine Power Co. common stock. Probable bidders: Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); Coffin & Burr, Inc.; A. C. Allyn & Co., Inc. and Bear, Stearns & Co. (jointly); Harriman Ripley & Co., Inc.

Central Power & Light Co.
March 2 it was reported company may issue and sell 50,000 shares of new preferred stock. **Underwriters**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers and Glore, Forgan & Co. (jointly); Blyth & Co., Inc., Harriman Ripley & Co., Inc. and Smith, Barney & Co. (jointly); Salomon Bros. & Hutzler.

★ **Chesapeake & Potomac Telephone Co. of Baltimore**
May 1 company petitioned the Maryland P. S. Commission for authority to issue and sell $15,000,000 of debentures. **Proceeds**—From sale of debentures, plus $25,000,000 to be received from sale of common stock to American Telephone & Telegraph Co., parent, for repayment of loans and for new construction. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Morgan Stanley & Co.; The First Boston Corp.

Cincinnati Gas & Electric Co.
March 31 it was revealed the company plans to raise $35,000,000 through sale of new securities (mostly bonds). **Proceeds**—For new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Kuhn, Loeb & Co. and Salomon Bros. & Hutzler

(jointly); Blyth & Co., Inc., and The First Boston Corp. (jointly); Union Securities Corp.; Glore, Forgan & Co. and White, Weld & Co. (jointly); W. C. Langley & Co.; Lehman Brothers; Harriman Ripley & Co., Inc.; Merrill Lynch, Pierce, Fenner & Beane. Previous equity financing was underwritten by Morgan Stanley & Co. and W. E. Hutton & Co.

Cinerama Productions Corp.
Jan. 9 it was reported company plans issuance and sale of about 500,000 shares of common stock. **Price**—Expected to be around $10 per share. **Underwriter**—Hayden, Stone & Co., New York. **Offering**—Postponed.

Colonial Trust Co. of Wilmington, Del.
Stockholders of record April 23 have received the right to subscribe on or before May 12 for 4,028 additional shares of capital stock (par $10) on the basis of one new share for each three shares held. **Price**—$30 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Laird, Bissell & Meeds, Wilmington, Del.

Columbia Gas System, Inc.
April 6 it was announced company plans to issue and sell later this year $40,000,000 of new debentures. **Proceeds**—To repay bank loans and for construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

Delaware Power & Light Co.
April 21 stockholders approved a proposal to increase the authorized preferred stock from 200,000 shares to 300,000 shares (par $100). Probable bidders for any new preferred stock financing may include Blyth & Co., Inc. and The First Boston Corp. (jointly); White, Weld & Co. and Shields & Co. (jointly); Lehman Brothers; W. C. Langley & Co. and Union Securities Corp. (jointly); Morgan Stanley & Co. Stuart Cooper, President, said it is possible that common stock may be sold later in the year.

Denver & Rio Grande Western RR. (8/3)
Bids are expected to be received by the company on or about Aug. 3 for the purchase from it of $3,300,000 equipment trust certificates due semi-annually from Nov. 1, 1953, to May 1, 1968, inclusive, and on or about Oct. 1 of a like amount of said certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.

Detroit Edison Co.
March 24 it was announced company plans to issue an unspecified amount of convertible debenures due 1963 (about $55,000,000 to carry an interest rate not exceeding 4%) which may first be offered for subscription by stockholders. **Proceeds**—To retire bank loans and to meet construction costs. **Meeting**—Stockholders on April 14 authorized the new debentures. **Underwriter**—None.

Eastern Utilities Associates
Feb. 20 it was announced company plans sale of $7,000,000 collateral trust mortgage bonds due 1973. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Estabrook & Co. and Stone & Webster Securities Corp. (jointly); The First Boston Corp., White, Weld & Co. and Kidder, Peabody & Co. (jointly); Glore, Forgan & Co. and Harriman Ripley & Co. Inc. (jointly).

El Paso Natural Gas Co.
March 25 it was announced company plans to place privately $120,000,000 of first mortgage bonds and sell publicly 200,000 shares of preferred stock and $25,000,000 debentures. **Underwriter**—White, Weld & Co., N. Y.

★ General Telephone Co. of Kentucky
April 27 it was reported early registration is expected of 50,000 share of cumulative preferred stock (par $50). **Underwriters** — Probably Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp.

Government Employees Corp., Washington, D. C.
March 18 stockholders authorized an issue of 3,000 shares of preferred stock (par $100) to carry a cumulative dividend rate not to exceed 6% annually. The management states that, under present plans, these shares will be issued as the growth of the corporation warrants.

Greenwich Gas Co.
April 13 it was reported company plans to issue and sell $200,000 of first mortgage bonds and $483,000 of common stock (the latter first to stockholders). **Proceeds**—To retire bank loans. **Underwriter**—F. L. Putnam & Co., Boston, Mass.

Gulf Interstate Gas Co., Houston, Tex.
Sept. 16 company applied to the FPC for authority to construct an 860-mile pipeline extending from southern Louisiana to a point in northeastern Kentucky. This project would cost about $127,887,000. Transportation of gas is expected to commence by Nov. 1, 1954. To finance the line company plans sale of bonds and stock (75% and 25%, respectively). **Underwriter**—May be Carl M. Loeb, Rhoades & Co., New York.

● Gulf Power Co. (6/9)
April 27 SEC approval was sought to issue and sell $7,000,000 of first mortgage bonds due 1983. **Proceeds**—For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Kuhn, Loeb & Co.; The First Boston Corp.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Salomon Bros. & Hutzler and Drexel & Co. (jointly); Union Securities Corp.; Equitable Securities Corp.; Lehman Brothers. **Registration**—Planned for May 8. **Bids**—Tentatively expected at 11 a.m. (EDT) on June 9.

Gulf States Utilities Co.
March 26 it was announced company has filed an application with the FPC proposing the issuance of 781,042 shares of common stock (no par) to common stockholders as a stock distribution on the basis of one new share for each four shares held on or about May 8. [It had previously been erroneously reported that the new shares were to be offered for sale to stockholders.]

★ Hammacher, Schlemmer & Co., Inc. (5/27)
Bids will be received by the Attorney General of the United States at the office of Alien Property, 346 Broadway, New York 13, N. Y., up to 3 p.m. (EDT) on May 27 for the purchase from the Attorney General of 1,760 shares of capital stock (including 660 shares of $7 prior stock, no par value; 660 shares of $7 preferred stock, no par value; and 440 shares of common stock, no par value). This represents about 15% of the outstanding stock of the company.

Honolulu (T. H.)
April 27 it was announced an issue of $3,000,000 various purpose bonds to be dated July 1, 1953, and to mature July 1, 1958-1983, inclusive, would be sold on May 7.

Iowa Electric Light & Power Co.
April 13 it was reported company may sell in June some common and preferred stock and/or debentures. **Underwriters** — For stock: The First Boston Corp. and G. H. Walker & Co., both of New York. Previous debt financing was done privately.

Long Island Lighting Co.
April 21 it was announced that this company this Fall plans to issue and sell in the neighborhood of 600,000 shares of new common stock to be followed in the latter part of the year by an issue of about $25,000,000 of first mortgage bonds (this is in addition to 100,000 shares of series C preferred stock, par $100, offered publicly today —May 7). **Proceeds**—To repay bank loans and for new construction. **Underwriters** — (1) For common stock, probably Blyth & Co., Inc. and The First Boston Corp. (jointly). (2) For bonds to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Blyth & Co., Inc. and The First Boston Corp. (jointly); W. C. Langley & Co.; Smith, Barney & Co.

Louisiana Power & Light Co.
March 20 it was announced company may issue and sell in June $12,000,000 of first mortgage bonds. **Underwriters** — To be determined by competitive bidding Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Lehman Brothers and A. C. Allyn & Co., Inc. (jointly); Blyth & Co., Inc; White, Weld & Co. and Shields & Co. (jointly); Salomon Bros. & Hutzler; W. C. Langley & Co., The First Boston Corp., and Glore, Forgan & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); Harriman Ripley & Co., Inc.; Equitable Securities Corp.

Maier Brewing Co., Los Angeles, Calif.
April 18 it was announced company will offer 400,000 additional shares of common stock to its stockholders at rate of four new shares for each share held. **Price**—$5 per share. **Proceeds** — To help finance a new bottling plant. **Underwriter**—None.

Menabi Exploration Co., Inc., Houston, Tex.
April 8 it was announced company plans to issue and sell $1,000,000 of convertible debentures. **Proceeds**—To finance development of oil properties in Ecuador. **Underwriter**—Kidder, Peabody & Co., New York.

Minneapolis-Honeywell Regulator Co.
April 28 stockholders approved a proposal increasing authorized common stock (par $1.50) from 3,440,000 to 3,950,000 shares and the preference stock (par $100) from 160,000 to 210,000 shares. Immediate issuance of increased stock not planned. **Underwriter**—Probably Union Securities Corp., New York.

Mississippi Power & Light Co.
March 20, E. H. Dixon, President of Middle South Utilities, Inc., announced that refunding of Mississippi Power & Light Co.'s $6 preferred stock (no par), of which 44,476 shares are now outstanding, may be considered. This issue is callable at $110 per share. **Underwriters**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc., and Equitable Securities Corp. (jointly; W. C. Langley & Co., and The First Boston Corp. (jointly); Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Beane (jointly); Union Securities Corp.

Mobile Gas Service Corp.
March 6, Maurice White, President, announced that, after proposed two-for-one split-up to be voted upon April 24, the company will offer to its stockholders 40,000 shares of additional common stock on a one-for-five basis. **Proceeds** — For construction program. **Underwriters** — To be named later.

Monongahela Power Co.
Dec. 11 it was announced company plans issuance and sale near the middle of 1953 of $10,000,000 first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; W. C. Langley & Co. and the First Boston Corp. (jointly); Kuhn, Loeb & Co.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Glore, Forgan & Co.; Lehman Brothers; Equitable Securities Corp.; Union Securities Corp. and Salomon Bros. & Hutzler (jointly); Merrill Lynch, Pierce, Fenner & Beane; Harriman Ripley & Co., Inc.

★ Montana-Dakota Utilities Co.
May 2 it was announced company plans to issue and sell in 1953 approximately $8,000,000 of first mortgage bonds. **Proceeds**—For 1953 construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly).

New Jersey Power & Light Co.
April 15 company applied to SEC for authority to issue and sell $5,500,000 first mortgage bonds due May 1, 1983. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Union Securities Corp. and White Weld & Co. (jointly); The First Boston Corp. and Kidder, Peabody & Co. (jointly); Carl M. Loeb, Rhoades & Co.; Equitable Securities Corp.; Kuhn, Loeb & Co., Lehman Brothers and Goldman, Sachs & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane. **Offering**—Probably in May.

★ New York, Chicago & St. Louis RR. (5/13)
Bids will be received by this company up to noon (CDT) on May 13 for the purchase from it of $1,050,000 equipment trust certificates, second series of 1953, to be dated June 15, 1953 and to mature annually from Dec. 15, 1953 to and including Dec. 15, 1967. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.

New York State Electric & Gas Corp.
Feb. 27 it was reported that company may, later in 1953, issue and sell $20,000,000 first mortgage bonds (following private sale of 75,000 shares of 4.40% preferred stock, par $100, and $5,000,000 of 3¾% debentures due 1991 (latter expected in April). **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Glore, Forgan & Co. (jointly); Blyth & Co., Inc. and Smith, Barney & Co. (jointly); Hemphill, Noyes & Co. and Drexel & Co. (jointly); Kidder, Peabody & Co. and Salomon Bros. & Hutzler (jointly); Lehman Brothers; Harriman Ripley & Co., Inc.

New York Telephone Co. (6/23)
Feb. 26 company applied to New York P. S. Commission for permission to issue and sell $35,000,000 of refunding mortgage bonds, series G due 1984. **Proceeds**—To repay bank loans and for construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Merrill Lynch, Pierce, Fenner & Beane and Glore, Forgan & Co. (jointly); Kuhn, Loeb & Co. **Bids**—Tentatively scheduled to be received up to 11 a.m. (EDT) on June 23. **Registration**—Expected about May 22. **Stock Offering**—Company also plans to issue and sell to American Telephone & Telegraph Co., its parent, 700,000 additional shares of common stock (par $100).

Northern Natural Gas Co.
Feb. 27, H. H. Siert, Treasurer, announced that following the proposed offering in May of 548,100 shares of common stock to stockholders, the company plans to issue and sell $40,000,000 of new debentures. **Proceeds**—To repay bank loans and for construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; The First Boston Corp. and Kidder, Peabody & Co. (jointly). **Offering**—Expected in June.

Northwest Natural Gas Co.
March 23 it was reported that this company plans to finance its proposed 1,300-mile pipeline from Canada to the Pacific Northwest by the issuance and sale of $66,000,000 of 4½% first mortgage pipeline bonds to insurance companies and other institutional investors and $9,000,000 of 5% debentures and 1,400,000 shares of common stock at $10 per share publicly in the United States and Canada. **Underwriter**—Morgan Stanley & Co., New York.

Oklahoma Natural Gas Co.
Feb. 24 it was announced that the directors were considering authorizing an offering of a sufficient number of shares of new common stock (par $7.50) to raise $4,000,000. This would follow proposed stock split of present authorized 1,639,884 shares of $15 par value into 3,279,768 shares of $7.50 par value. Proceeds would be used for the company's construction program. Underwriters will be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Shields & Co.; Lehman Brothers and Harriman Ripley & Co., Inc. (jointly). **Offering**—Expected in June.

Ormond Corp., Albuquerque, N. M.
March 10 it was announced company plans to register with the SEC an issue of stock, which will be offered nationally. **Office**—5003 Central Avenue, N. E., Albuquerque, N. M.

Pacific Northwest Pipeline Corp.
Jan 29 company received FPC permission to file a third substitute application proposing to construct a 1,466-mile transmission line extending from the San Juan Basin in New Mexico and Colorado to market areas in the Pacific Northwest. Estimated overall capital cost of the project is $186,000,000, including $2,000,000 for working capital. Financing is expected to consist of first mortgage pipe line bonds and preferred and common stocks. **Underwriters**—White, Weld & Co. and Kidder, Peabody & Co., both of New York, and Dominion Securities Corp. Ltd., Toronto, Canada.

Pacific Telephone & Telegraph Co.
Dec. 17 Mark R. Sullivan, President, announced that company in 1953 will borrow some $125,000,000 from banks to be refinanced later in year, probably by offering of bonds and additional common stock. Probable bidders for bonds: Halsey, Stuart & Co., Inc.; Morgan Stanley & Co.; White, Weld & Co.; Lehman Borthers and Union Securities Corp. (jointly). Stock would be offered to stockholders, without underwriting. American Telephone & Telegraph Co., parent, owns 91.25% of Pacific common shares.

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Pennsylvania Electric Co. (6/23)
April 1 it was reported company plans to issue and sell in June about $12,500,000 first mortgage bonds due 1983 and a like amount later on. **Proceeds**—For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Kidder, Peabody & Co.; The First Boston Corp.; Equitable Securities Corp. **Bids**—Tentatively set for 11 a.m. (EDT) on June 23. **Registration**—Expected on May 12.

Permian Basin Pipeline Co., Chicago, Ill.
Feb. 4 company filed an amended application with FPC for authority to construct a 163-mile pipeline system at an estimated cost of $40,269,000. Probable underwriters for convertible notes and stock; Stone & Webster Securities Corp.; and Glore, Forgan & Co., both of New York. Of the stock of this company, 51% is now owned by Northern Natural Gas Co.

Pittston Co.
April 7 it was announced stockholders on May 6 will vote on approving a $20,000,000 financing program which may involve the private placement of $2,000,000 of preferred stock and the sale, partly public and part privately of $6,000,000 of collateral trust notes and $12,000,000 of collateral trust bonds. **Underwriter**—Blair, Rollins & Co.

Public Service Co. of Indiana, Inc.
April 10 it was announced that company plans to issue and sell 600,000 shares of preferred stock (par $25) and to offer to common stockholders on a 1-for-8 basis 472,000 shares of common stock. **Proceeds**—For expansion program. **Underwriter**—Blyth & Co., Inc., handled previous financing.

Public Service Co. of New Hampshire
Nov. 3 it was announced company plans to issue and sell approximately $5,000,000 of bonds in May or June, 1953, and in the latter part of 1953 to issue sufficient common shares to raise about $4,000,000. **Proceeds**—To repay bank loans and for new construction. **Underwriters** — To be determined by competitive bidding. Probable bidders: For bonds, Halsey, Stuart & Co. Inc.; The First Boston Corp. and Coffin & Burr, Inc. (jointly); Kidder, Peabody & Co.; White, Weld & Co. For stock: Kidder, Peabody & Co. and Blyth & Co., Inc. (jointly); Harriman Ripley & Co. Inc.

Public Service Co. of Oklahoma
March 2 it was reported company may issue and sell 40,000 shares of new preferred stock (par $100). **Underwriters** — To be determined by competitive bidding. Probable bidders: Glore, Forgan & Co.; Smith, Barney & Co.; Kuhn, Loeb & Co.; Harriman Ripley & Co., Inc., and Central Republic Co. (Inc.). **Proceeds**—For additions and improvements.

Public Service Electric & Gas Co.
Feb. 25 it was announced company plans issuance and sale in June of $50,000,000 of first refunding mortgage bonds. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and Lehman Brothers (jointly); Morgan Stanley & Co. and Drexel & Co. (jointly); The First Boston Corp.

Reading Co. (5/13)
Bids will be received by the company in Philadelphia, Pa., up to noon (EDT) May 13 for the purchase from it of $4,350,000 of equipment trust certificates series U, to mature in 30 equal semi-annual installments to June 1, 1968. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.

Remington Corp., Auburn, N. Y.
April 14, Herbert L. Laube, President, following approval of the increase and split-up of common and preferred stock, stated that the increased capitalization is necessary because the profit left after today's taxes is far from enough to finance this corporation's continued growth. The common was increased from 50,000 shares, par $5, to 1,000,000 shares, par $1, and split-up on a 5-for-1 basis, and the preferred stock increased from 2,500 shares, par $25, to 50,000 shares, par $10, and split-up on a 2½-for-1 basis.

Shield Chemical Corp., Verona, N. J. (5/25)
March 26 it was reported company plans to issue and sell about $300,000 of common stock. **Proceeds**—For working capital. **Underwriter**—Peter W. Spiess & Co., New York.

South Carolina Natural Gas Co.
Feb. 19 it was announced a FPC Presiding Examiner filed a decision, subject to Commission review, authorizing company to construct approximately 160 miles of pipeline at an estimated cost of $5,945,000. Securities may be sold privately through competitive sale.

South Georgia Natural Gas Co.
Feb. 19 it was announced a FPC Presiding Examiner filed a decision, subject to Commission review, authorizing the company to construct 335 miles of pipeline in Alabama, Georgia and Florida at an estimated cost of $8,141,518.

Southern California Edison Co.
April 23, William C. Mullendore, President, stated that company is considering selling sufficient securities later in the year to raise approximately $30,000,000. **Proceeds**—For 1953 construction program. **Underwriters**—May be determined by competitive bidding. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Harris, Hall & Co. (Inc.) (jointly); Blyth & Co., Inc.; Kuhn, Loeb & Co. Probable bidders for preferred: The First Boston Corp. and Harris, Hall & Co. (Inc.) (jointly).

• Southwestern Gas & Electric Co.
April 29 it was announced company later this year will issue and sell 50,000 shares of cumulative preferred stock (par $100). **Underwriters** — May be determined by competitive bidding. Probable bidders: White, Weld & Co. and Kidder, Peabody & Co. (jointly); W. C. Langley & Co and Paine, Webber, Jackson & Curtis (jointly); Harriman Ripley & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane and Union Securities Corp. (jointly); Lehman Brothers; Blyth & Co. Inc., and Stone & Webster Securities Corp. (jointly).

Strategic Materials Corp., Buffalo, N. Y.
April 14 it was reported company plans to offer for subscription by its common stockholders about $1,000,000 of additional common stock. **Underwriters**—Hamlin & Lunt, Buffalo, N. Y., and Allen & Co., New York.

Tennessee Gas Transmission Co.
March 27 it was reported company expects to do some debt financing this Fall (under $50,000,000) to replace short-term bank loans. (This is in addition to 1,000,000 shares of common stock filed with SEC on April 10—see above.) Probable bidders for bonds: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp. and White, Weld & Co. (jointly).

Toledo Edison Co.
April 21 stockholders approved a proposal to increase the authorized common stock from 5,000,000 to 7,500,000 shares and to amend the articles of incorporation so as to provide that the limit on the amount of unsecured indebtedness that the company may create, without consent of majority of the preferred stockholders shall be 20% (instead of 10%) of the aggregate of company's secured indebtedness and capital and surplus. Charles E. Ide, President, stated that the management has no present plans to issue new common shares. The First Boston Corp. and Collin, Norton & Co. handled latest common stock financing. Probable bidders on any bonds: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Glore, Forgan & Co. (jointly); Equitable Securities Corp.; Kidder, Peabody & Co., White, Weld & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Union Securities Corp.; Smith, Barney & Co.

★ Transcontinental Gas Pipe Line Corp.
May 4 it was reported company may issue some convertible preferred stock before the Fall. **Underwriters**—Probably White, Weld & Co. and Stone & Webster Securities Corp., both of New York .

United Gas Corp.
Feb. 11 it was reported company may issue and sell in June approximately $20,000,000 of common stock to common stockholders on a 1-for-15 basis and $30,000,000 of debentures. **Proceeds**—For 1953 construction program **Underwriters**—For stock, none. For debentures, to be determined by competitive bidding. Probable bidders Halsey, Stuart & Co. Inc.; Morgan Stanley & Co., White, Weld & Co. and Equitable Securities Corp. (jointly); The First Boston Corp., Harriman Ripley & Co., Inc. and Goldman, Sachs & Co. (jointly).

Utah Power & Light Co.
March 16 it was announced stockholders will vote May 18 on increasing the authorized common stock from 2,000,000 shares (1,842,500 shares outstanding) to 2,500,000 shares in order to provide additional stock for future needs. Company's construction program for the three years (1953-1955) is estimated at $42,000,000.

Walworth Co.
March 25 stockholders voted to increase authorized common stock from 1,900,000 shares to 2,500,000 shares and to grant directors right to issue all or part of increased stock without prior offering to stockholders; also to reserve part of the additional shares for issue upon conversion of convertible 3¼% debentures due May 1, 1976. **Underwriter**—May be Paine, Webber, Jackson & Curtis, New York and Boston.

Washington Gas Light Co.
April 8 it was reported company plans to issue and sell $7,000,000 of refunding mortgage bonds. **Proceeds**—For new construction. **Underwriters**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Stone & Webster Securities Corp. (jointly); Equitable Securities Corp.; Kidder, Peabody & Co.; Union Securities Corp. **Bids**—Expected to be received in June.

Washington Water Power Co.
April 10 it was announced directors have approved the issuance and sale in May of $10,000,000 of first mortgage bonds and $18,000,000 of debentures. **Proceeds**—To repay $24,000,000 of bank loans and to redeem 35,000 shares of $6 preferred stock at $110 per share. **Underwriters**.—If competitive, bidders may include: Halsey, Stuart & Co. Inc.; Union Securities Corp. and Lehman Brothers (jointly); Blyth & Co., Inc., Smith, Barney & Co. and White, Weld & Co (jointly); W. C. Langley & Co. and The First Boston Corp. (jointly). However, both issues may be sold privately through Kidder, Peabody & Co.

West Texas Utilities Co.
March 2 it was reported that company plans issuance and sale of 100,000 shares of new preferred stock. **Underwriters** — May be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Harriman Ripley & Co., Inc.; Union Securities Corp.

Westcoast Transmission Co.
April 10 it was stated company may issue and sell $59,000,000 of 4% first mortgage bonds to insurance companies (including Prudential Insurance Co. of America, New York Life Insurance Co.; Northwestern Mutual Life Insurance Co. and several Canadian companies); $25,000,000 of 3% to 4% short-term notes to the National City Bank of New York; and about 3,500,000 shares of common stock for about $30,000,000. **Proceeds**—To finance construction of a natural gas pipe line from the Canadian Peace River field to western Washington and Oregon. **Underwriter**—Eastman, Dillon & Co., New York.

Western Light & Telephone Co., Inc.
April 10 it was announced that stockholders voted to increase the authorized preferred stock (par $25) from 250,000 shares to 400,000 shares and the common stock to 700,000 from 500,000 shares. The sale of about $3,000,000 first mortgage bonds and 80,000 shares of preferred stock is expected in June. **Proceeds**—For new construction. **Underwriter**—Harris Hall & Co., Inc., Chicago, Ill.; The First Trust Co. of Lincoln (Neb.).

• Western Maryland Ry. (5/12)
Bids will be received by the company up to 1 p.m. (EDT) on May 12 for the purchase from it of $2,010,000 equipment trust certificates to be dated June 15, 1953 and to mature annually from 1954 to 1968, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Lee Higginson Corp., L. F. Rothschild & Co. and Auchincloss, Parker & Redpath (jointly); Harriman Ripley & Co., Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.

Wisconsin Public Service Corp.
March 17 it was reported that the company may, late this year or early in 1954 issue and sell some common stock to round out its financing program. **Underwriter**—May be The First Boston Corp. and Robert W. Baird & Co. (jointly).

Worcester Gas Light Co.
April 2 it was announced company has applied to the Massachusetts Department of Public Utilities for authorization to issue and sell $3,000,000 of 20-year first mortgage bonds. **Proceeds**—To retire bank loans, etc. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Blyth & Co., Inc.; Kidder, Peabody & Co.

Bankers Offer L. I. Ltg. Co. Preferred Stk.

Offering of 100,000 shares of Long Island Lighting Co. preferred stock, 5.25%, series C is being made today (May 7) by an underwriting group headed jointly by W. C. Langley & Co.; Blyth & Co. Inc.; and The First Boston Corp. The stock is priced at $100 and accrued dividends.

Net proceeds from the sale of the series C preferred stock will be used to pay off bank loans incurred for construction of utility plant. Construction expenditures in 1953 and 1954 are estimated at $100,000,000, of which $81,000,000 is for electric property; $11,000,000 is estimated for gas property, and $8,000,000 for common property.

Net income of Long Island Lighting Co. for the two months ended Feb. 28, 1953, was $1,759,000 and for the 12 months ended Feb. 28, $6,619,000.

The company supplies electric and gas service without direct competition to an area covering Nassau and Suffolk Counties and the contiguous Rockaway peninsula in New York City. Population of the territory served by company is estimated at 1,300,000.

Two With Norman Dacey

(Special to The Financial Chronicle)

BRIDGEPORT, Conn. — Robert T. L. Leahey and James T. Wenman has become associated with Norman F. Dacey & Associates, 114 State Street.

J. A. Hogle & Co. Offer English Oil Co. Stock

J. A. Hogle & Co. of Salt Lake City, Utah, are offering publicly 750,000 shares of common stock of English Oil Co. at par ($1 per share) "as a speculation."

The net proceeds are to be used to pay operating expenses, oil and gas lease rentals, and to acquire other oil and gas properties, either wildcat, semi-proven or producing properties.

English Oil Co. was organized in Nevada on Sept. 23, 1952, and its properties are located in eight states, viz: Colorado, Utah, Montana, Wyoming, Nebraska, South Dakota, Idaho and Arizona.

Louis Watson Heads Lynch Allen Dept.

DALLAS, Texas—Louis A. Watton has joined Lynch, Allen & Company, Inc., First National Bank Building, as Vice-President, and is opening a new stock trading department for the firm. Mr. Watson has been in the investment business in Dallas for many years.

Gumbiner Heads Dept. For Barret, Fitch

KANSAS CITY, Mo.— Barret, Fitch, North & Co., 1006 Baltimore Avenue, members of the Midwest Stock Exchange, have opened a trading department under the management of Alton Gumbiner. Mr. Gumbiner was formerly with McDonald, Evans & Co. His association with Barret, Fitch, North & Co. was previously reported in the "Chronicle" of Feb. 5.

Lloyd Fenderson With Sherman Gleason & Co.

(Special to The Financial Chronicle)

BOSTON, Mass.—Lloyd B. Fenderson has become associated with Sherman Gleason & Co., Inc., 7 Water Street. Mr. Fenderson was formerly a Vice-President of F. L. Putnam & Co., Inc.

Our Reporter's Report

The battle between corporate borrowers and institutional investors over interest rates and bond yields appeared definitely joined this week when one of the vast "Bell System" affiliates rejected bids for an issue of debentures.

Corporate borrowers over the last month especially have been feeling the effects of the market hardening in basic money rates, notably since the Treasury fixed the 3¼% rate for its new bonds several weeks ago.

Southern Bell Telephone Co., on Tuesday, opened bids, four in all, on its $30,000,000 of 24-year debentures and, after looking them over, found that the best was 101.3099 for a 3⅞% coupon rate. Other bids, all for the same rate, ranged down to 100.4099.

The apparently successful group had already indicated plans to reoffer at 101.966, for a prospective yield of 3.75%, when the company stated it had rejected all bids to "make a further study of market conditions." Preliminary inquiry is said to have indicated the offering would have been a success.

But not all borrowers enjoy the enviable position of Southern Bell which boasts support of the top-notch credit rating of American Telephone & Telegraph Co., parent organization.

It planned to use proceeds to repay advances by A. T. & T. and for new construction. It's safe to assume, however, that the parent firm won't press too hard for immediate payment and perhaps could see its way clear, if necessary, to provide funds for construction in contemplation.

Clearing the Deck

With the price fixed for the Southern Bell Telephone debentures, before the bids were rejected, indicating a 3.75% yield, the syndicate sponsoring Detroit Edison Co.'s $40,000,000 of bonds, brought out last week on the same yield basis, made a quick decision to let the latter issue find its own level.

Southern Bell's debentures are rated triple A while the Detroit Edison loan carried a double A rating. Priced at 102.425, the Detroits were understood to have been about half sold.

When the syndicate let go, the issue settled to 100½ bid 101 asked the bid later firming up to 100¾. A pickup in inquiry was reported around the lower levels of the range.

Large Volume Ahead

The approaching fortnight, provided of course, Southern Bell's action in withdrawing its issue is not followed by more prospective borrowers, promises a period of considerable activity in the new issue market.

Between now and May 26 some large issues, all utility obligations, will be up for bids, with the six biggest footing up a total of more than $212,000,000.

Largest of these is Pacific Gas & Electric Corp.'s $65,000,000 of new bonds on which bids are scheduled to be opened on May 19.

Other Big Ones

Next largest is Consolidated Natural Gas Co.'s $40,000,000 of debentures for which banking groups will compete on May 26.

In the week ahead interest will center chiefly in Alabama Power Co.'s $18,000,000 of bonds due up on Tuesday, and in Columbia Gas System's 1,700,000 shares of new common stock on which bids will be opened the same day.

Rounding out the fortnight, Metropolitan Edison has $8,000,000 of bonds up for bids on the 19th, with Southern Natural Gas offering $34,222,000 of debentures on the 18th and $30,000,000 of bonds on the 19th; Philadelphia Electric Co., $30,000,000 of bonds on the 20th and Arkansas-Louisiana Gas Co. $35,000,000 of bonds on the 26th.

SITUATION WANTED

Writer Available

Woman financial and business writer seeks a connection with a bank, investment banking or brokerage firm, financial or business publication or a stockholder relations company. Box S 57, Commercial & Financial Chronicle, 25 Park Place, New York 7, N. Y.

DIVIDEND NOTICES

ALUMINIUM LIMITED

DIVIDEND NOTICE

On April 30th, 1953, a quarterly dividend of fifty cents per share in U. S. currency was declared on all the no par value shares of this Company, that will be outstanding on May 22nd, 1953, including shares subscribed for pursuant to transferable subscription rights issued on April 24th, 1953, and expiring on May 15th, 1953. The dividend is payable June 12th, 1953, to shareholders of record at the close of business May 22nd, 1953.

Montreal JAMES A. DULLEA
April 30, 1953 *Secretary*

THE FLINTKOTE COMPANY

30 ROCKEFELLER PLAZA NEW YORK 20, N. Y.

A quarterly dividend of $1.00 per share has been declared on the **$4 Cumulative Preferred Stock** payable June 15, 1953 to stockholders of record at the close of business June 1, 1953.

A quarterly dividend of $.50 per share has been declared on the **Common Stock** payable June 10, 1953, to stockholders of record at the close of business May 27, 1953.

CLIFTON W. GREGG,
Vice-President and Treasurer
May 6, 1953

Hugh Devlin Joins John R. Boland Staff

Hugh J. Devlin has become associated with John R. Boland, 30 Broad Street, New York City, as manager of their dealer relations and trading departments. Mr. Devlin has been in Wall Street since 1917 and is widely known in the investment business. For the past four years he has been sole proprietor of his own firm and prior to that was with Fitzgerald & Co., Inc.

E. E. Monaghan With Pennington, Colket Co.

PHILADELPHIA, Pa.—Pennington, Colket & Co., 123 South Broad Street, members of leading stock exchanges, announce that E. E. Monaghan is now associated with their Philadelphia office as a registered representative.

Mr. Monaghan has been active in the securities field for many years and at one time was senior partner of the firm of Garrett, Monaghan & Co.

He is a member of the Philadelphia Securities Association.

With C. W. Britton

SIOUX CITY, Iowa—Ted Ayres has become associated with C. W. Britton & Company, Orpheum Electric Building, members of the Midwest Stock Exchange. Mr. Ayres formerly represented the First of Iowa Corporation in Sioux City.

DIVIDEND NOTICES

Atlas Corporation
33 Pine Street, New York 5, N. Y.

Dividend No. 46
on Common Stock

A regular quarterly dividend of 40¢ per share has been declared, payable June 20, 1953, to holders of record at the close of business on May 23, 1953 on the Common Stock of Atlas Corporation.

WALTER A. PETERSON, *Treasurer*
May 4, 1953.

Berkshire
FINE SPINNING ASSOCIATES INC

The Board of Directors of the Berkshire Fine Spinning Associates, Inc. has declared a dividend of 25 cents per share on the Common Stock, payable June 1, 1953 to stockholders of record May 8, 1953.

MALCOLM G. CHACE, JR.
April 29, 1953 *President*

LYNCH DIVIDEND No. 102

25¢ a share payable on JUNE 10, 1953 to shareholders of record on MAY 25, 1953

SECRETARY

Dividends for 25 Consecutive Years

LYNCH CORPORATION
ANDERSON, IND.

DIVIDEND NOTICES

DOME MINES LIMITED

April 27, 1953

DIVIDEND NO. 143

At a meeting of the Board of Directors of Dome Mines Limited, held this day, a dividend of Seventeen and One-Half Cents (17½c) per share (in Canadian Funds) was declared payable on July 30, 1953, to shareholders of record at the close of business on June 30, 1953.

CLIFFORD W. MICHEL,
President and Treasurer.

DIVIDEND NO. 54

Hudson Bay Mining and Smelting Co., Limited

A Dividend of one dollar ($1.00) (Canadian) per share has been declared on the Capital Stock of this Company, payable June 10, 1953, to shareholders of record at the close of business on May 11, 1953.

H. E. DODGE, *Treasurer.*

Newmont Mining Corporation

Dividend No. 99

On May 6, 1953, a dividend of Fifty Cents ($.50) per share was declared on the 2,658,230 shares of the Capital Stock of Newmont Mining Corporation now outstanding, payable June 12, 1953 to stockholders of record at the close of business May 29, 1953.

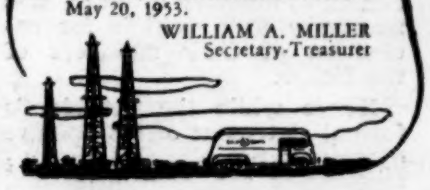
WILLIAM T. SMITH, *Treasurer*
New York, N. Y., May 6, 1953.

TECHNICAL OIL FIELD SERVICES
LANE-WELLS COMPANY

Dividend No. 64

The Directors have declared a quarterly dividend of 35 cents on the common stock, payable June 15, 1953, to stockholders of record May 20, 1953.

WILLIAM A. MILLER
Secretary-Treasurer



NORFOLK SOUTHERN RAILWAY COMPANY

Common Dividend

The Board of Directors of Norfolk Southern Railway Company have declared a quarterly dividend of forty-two and one-half cents (42½¢) per share on the common stock of said Company, payable on June 15, 1953, to stockholders of record at the close of business June 1, 1953.

CECIL M. SELF, *President*

DIVIDEND NOTICES

The Singer Manufacturing Company

The Board of Directors has declared a quarterly dividend of sixty cents per share payable on June 15, 1953 to stockholders of record at the close of business on May 18, 1953.

D. H. ALEXANDER, Secretary.

May 6, 1953.

PEPPERELL FABRICS

PEPPERELL MANUFACTURING COMPANY

Boston, April 30, 1953

A regular quarterly dividend of Seventy-five Cents (75¢) per share has been declared payable May 15, 1953, to stockholders of record at the close of business May 8, 1953.

Checks will be mailed by the Old Colony Trust Company of Boston, Dividend Disbursing Agents.

PAUL E. CROCKER, *Secretary*
160 State Street, Boston, Mass.

Esso

STANDARD OIL COMPANY
(INCORPORATED IN NEW JERSEY)

The Board of Directors have declared a **Cash Dividend** on the capital stock of $1.00 per share on April 30, 1953. Of this dividend 75 cents per share was designated as regular and 25 cents per share as extra, payable on June 11, 1953, to stockholders of record at the close of business on May 11, 1953.

30 Rockefeller Plaza, New York 20, N. Y.

The UNITED Corporation

The Board of Directors has declared a semi-annual dividend of 10 cents per share on the COMMON STOCK, payable June 10, 1953 to stockholders of record at the close of business May 13, 1953.

WM. M. HICKEY,
April 30, 1953 *President*

The United Gas Improvement Company

DIVIDEND NOTICE

A quarterly dividend of 43c per share on the Common Stock, par value $13.50 per share, has been declared payable June 30, 1953, to stockholders of record May 29, 1953.

A quarterly dividend of $1.06¼ per share on the 4¼% Preferred Stock has been declared payable July 1, 1953 to stockholders of record May 29, 1953.

JOHNS HOPKINS, Treasurer
Philadelphia, April 28, 1953

CITIES SERVICE COMPANY

Dividend Notice

The Board of Directors of Cities Service Company has declared a quarterly dividend of one dollar ($1.00) per share on its $10 par value Common stock, payable June 8, 1953, to stockholders of record at the close of business May 14, 1953.

W. ALTON JONES, *President*

KINNEY

5% STOCK DIVIDEND

also

REGULAR 35c QUARTERLY ON COMMON

•

Regular $1.25 quarterly on Prior Preferred

At meeting held April 22, the Board of Directors declared a 5% stock dividend and the regular quarterly dividend of 35c per share (including 5% stock dividend) payable on June 25 to holders of record of Common stock on June 9, 1953.

It also declared regular quarterly dividend of $1.25 per share on the $5.00 Prior Preferred stock payable June 5 to holders of record on May 11, 1953. EDWARD HOLLOWAY, *SECRETARY*

G. R. KINNEY CO., INC.
2 PARK AVENUE, NEW YORK 16, N. Y.

Washington... And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—President Eisenhower's defense statement together with his conference with the legislative leaders appears to have clarified both long and short range prospects respecting some Administration policies.

One of the outstanding policies appears by inference. The President indicated he would stop the "fits and starts" procedure by which the Administration of former President Truman would plan big, contract on a large scale, and then cutback.

It was well understood in this Capital that what the Truman Administration had in mind was—incidentally, perhaps—using the defense program to maintain a certain kind of a national economy. This kind of an economy would be one in which government spending would run at a sufficiently high level to keep employment full, and prices and wages high. Yet when the defense program exerted too great a pressure on the civilian economy, it was rather abruptly cutback.

Mr. Eisenhower instead proposes, he indicated, to keep up a rather steady pace of defense spending.

On the other hand, observers in and out of Congress think that the President means to keep defense spending (and also foreign aid) going at a relatively high level for an indefinite period of years. Inasmuch as Congress was reported to have received the word that there should be no diminution in the physical military goal, this would suggest an indefinite spending level for U. S. military forces alone of something probably well over $40 billion annually.

Long range, the prospect of a high level of foreign and domestic military spending narrows the possible goals for government economy and tax reduction. There can't be a great deal more of the latter than the Reed bill and the expiration of the Excess Profits tax.

The $8.5 billion tentative cut in new appropriation requests will have only a small effect in reducing actual disbursements for '54.

Furthermore, any major substative tax reform appears to be relegated to the vague future, and the House Ways and Means Committee will delay even longer coming to grips with the specific problems of where there can be relief, confining itself in the interim to discussions and hearings not directed at the heart of tax relief.

Will Take Care in Asking Appropriations

Mr. Eisenhower appears to be determined to be more cautious in asking for appropriations for fiscal 1954 and subsequent years. He seemingly means to end the era of over-appropriating which made it possible for the previous Administration, with its tremendous back-log of funds, to turn spending on and off at will.

Furthermore, Mr. Eisenhower means to make a full application of businesslike methods to the procurement and scheduling of defense orders.

Opposes Tax Cuts

There was a definite impression created that Mr. Eisenhower opposes any tax relief from Congress this year, desiring extension of either the Excess Profits tax, or a substitute small hike in the general corporation tax, and that he is opposed to passage of the Reed bill.

It was made plain that at this stage, at least, the President will neither make nor sponsor any guess as to the level of actual disbursements in fiscal '54. This reticence was further emphasized by a default. The Budget Director has failed to comply with the request of Senator Robert A. Taft for an estimate, even tentatively, of actual disbursements and revenues for the new fiscal year. This was supposed to be due May 1.

Poses Dilemma for Congressional Leaders

This stand, of course, poses an awkward dilemma for the Republican leaders in Congress. They cannot force an obviously reluctant majority of the Ways and Means Committee either to report out legislation continuing EPT or providing if not, a substitute source of revenue.

If the leaders attempt to throttle by affirmative pressure, the passage of the Reed bill, they will run into trouble with the rank and file of their followers. For many prospective signers of the Reed bill discharge petition have held off hoping that eventually the Administration would come around to their logic that some more dramatic achievement than the mere arresting of greater deficits and monetary inflation was necessary as a vehicle for reelection of GOP members of the House.

Hence while the President's formal statement of his defense objectives has clarified the intentions of the Administration, it has not necessarily smoothed the way for harmonious acceptance of these objectives by Congress.

Congress may balk further on the dollar total of U. S. military spending. More and more sentiment is building up for a dollar limit for military spending for fiscal 1954. With a dollar total of say, $44 billion, $2 billion less than estimated, it would be up to the Defense Department and the White House to apply the cut in such a manner as to contain dollar disbursements to that level without curtailing physical defense objectives.

Even a substantial cut, of say $2.5 billion in Mutual Security's new appropriations—more of a cut, of course, than the Administration on wants—would not preclude spending as heavy or heavier than the $5.7 billion estimated for the current year or perhaps even the $7.5 billion projected by Mr. Truman for '54. That is because estimated funds of $10.3 billion will be carried over on June 30 from past appropriations.

May End Postal Savings

There is now a pretty fair prospect that this session of Congress will vote to kill off postal savings over a period of years and thereby set something of a mark in history, for it is seldom that a governmental function is actually brought to an end.

Postal savings were set up in 1910 to provide a place other than the mattress or the cooky jar for those persons to put their money who were afraid of banks, or for immigrants who were used to governmental savings system in Europe.

Since 1910 a lot of things have happened. One of these has been the Federal Deposit Insurance Corp., which provides a government sponsored guarantee of up to $10,000 per depositor, as against a deposit limit of $2,500 per person in postal savings.

Another thing that has happened has been the availability of U. S. Savings bonds.

Postal savings have been a dead weight governmental function, for they must be 100% secured by government bonds, and until recently it was a long time between government issues paying as much as 2%. Furthermore, the overhead expense for salaries of postal employees and other facilities was in the neighborhood of $2 million annually. But for profits on bond sales during the past era of long-term rising /bond prices, the postal savings system, even with its expenses absorbed in the postal budget, probably would nevertheless have operated at a loss.

The Comptroller General reviewed this situation in a study of postal savings more than a year ago and recommended that Congress consider junking the system. Senator Wallace F. Bennett (R., Utah) took up the suggestion immediately, and this year seems to have interested both the House and Senate Post Office Committees in considering a bill to eventually terminate postal savings.

Mahaffie Act Change Given Little Chance

Although the Senate Interstate Commerce Committee has reported out a bill greatly easing the way for railroad reorganizations, this legislation is expected to fail of passage, at least this year.

Under this legislation the proportion of any creditor or equity group whose assent would be required to a plan of reorganization, is lowered to two-thirds from three-fourths. The bill, however, goes even further. This assent may be chalked up on the basis of a vote of only 50% of each group voting.

Including in this legislation are lesser amendments to specifically sought by the Interstate Commerce Commission. Nevertheless, it is believed that this particular piece of legislation will have tough sledding to pass the Senate.

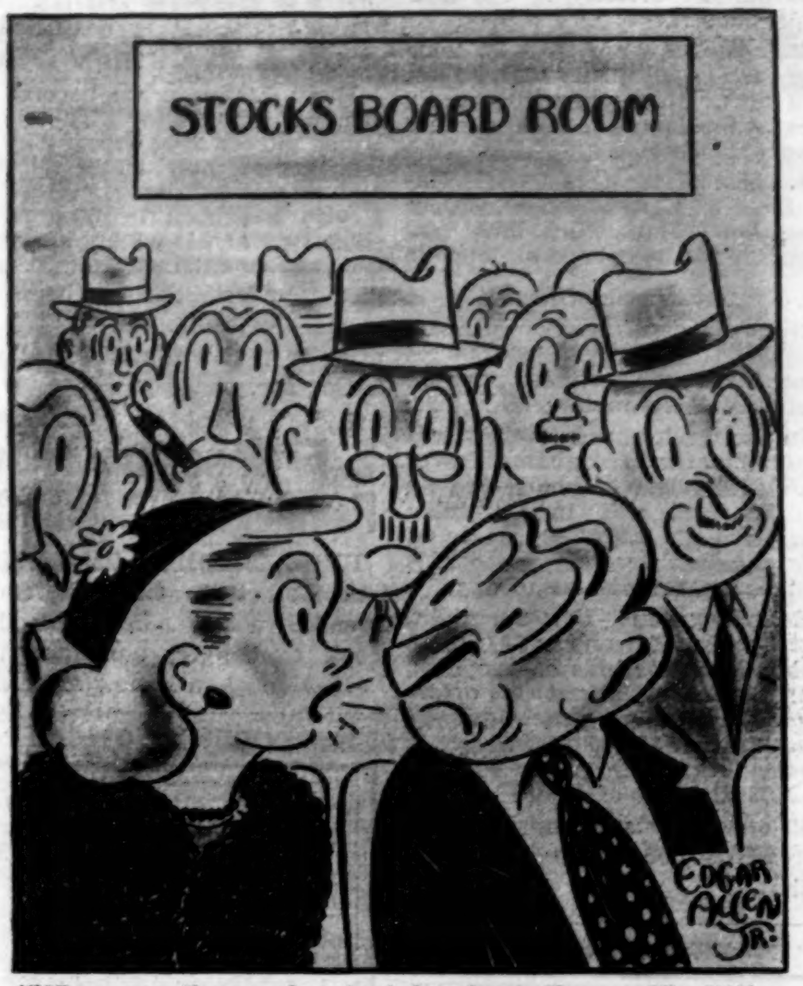
It is controversial, and the whole legislative program has bogged down so thoroughly that there is little time for consideration of subjects like this which would consume time in debate.

This bill is regarded as controversial, first, because of its broad liberalization. Second, it is regarded as sponsored by a limited group of companies interested in railroad reorganization, and Chairman Charles W. Tobey (R., N. H.) of the Senate Committee is rated as friendly to these particular groups.

At present the House Interstate Commerce Committee is said to have no serious thought of taking up a companion bill at any time in the foreseeable future.

(This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.)

BUSINESS BUZZ



"When are they going to take down those silly little figures and start the movie?"

F. S. Smithers & Co. 96th Anniversary

F. S. Smithers & Co., members of the New York and American Stock Exchanges, have announced the opening of their first branch office, at 41 Sutter Street in San Francisco, Calif., under the direction of James A. Felchlin, former registered representative of Dean Witter & Co. The move was made in connection with the firm's 96th anniversary.

The firm also expanded its New York office, 1 Wall Street, New York City, through the association of William N. Beebe with the firm. Mr. Beebe was formerly associated with Merrill Lynch, Pierce, Fenner & Beane. He at one time was also senior partner of the firm Beebe & Wentworth, New York bond house.

Bonnett Brokerage Formed

PROVO CITY, Utah — O. J. Bonnett is engaging in a securities business from offices at 402 West Center under the firm name of Bonnett Brokerage Company.

Business Man's Bookshelf

Financial Policy of Corporation, The—Arthur Stone Dwing—Fifth Edition—in two volumes—The Ronald Press Company, 15 East 26th Street, New York 10, N. Y.—cloth—$15.

Mental Health—Everybody's Business—Katherine Glover—Public Affairs Committee, Inc., 22 East 38th Street, New York 16, N. Y.—Paper—25c.

Shares of Upper Income Groups in Income and Savings—Simon Kuznets—National Bureau of Economic Research, Inc., 1819 Broadway, New York 23, N. Y.—Cloth—$9.

Victims of Social Leveling—Leonard E. Read—Foundation of Economic Education, Inc., Irvington-on-Hudson, New York—Paper—No charge for single copies, quantity prices on request.